

Our mission

*Making life easier for people  
with intimate healthcare needs*

# Coloplast Meet the Management

20 August 2019

Making life easier

Ostomy Care, Continence Care, Wound & Skin Care and Interventional Urology





# Agenda

Welcome & Q3 2018/19 presentation

Group strategy update

## Lunch buffet

Q&A breakout session #1

## 10 minute break

Q&A breakout session #2

## Coffee break

Q&A breakout session #3

## 10 minute break

Q&A breakout session #4

Drinks in the Ella Canta bar

11:00 – 11:15

11:15 – 12:30

**12:30 – 13:15**

13:15 – 14:05

**14:05 – 14:15**

14:15 – 15:05

**15:05 – 15:35**

15:35 – 16:25

**16:25 – 16:35**

16:35 – 17:25

18:30





## Q3 18/19 results presentation

Coloplast Meet the Management London 2019

20 August 2019

Making life easier

Ostomy Care, Continence Care, Wound & Skin Care and Interventional Urology

# Making it easier to follow your heart

I felt lonely and incomplete when I wasn't capable of sex. Since I found a solution, I have started dating again and my life has opened up.

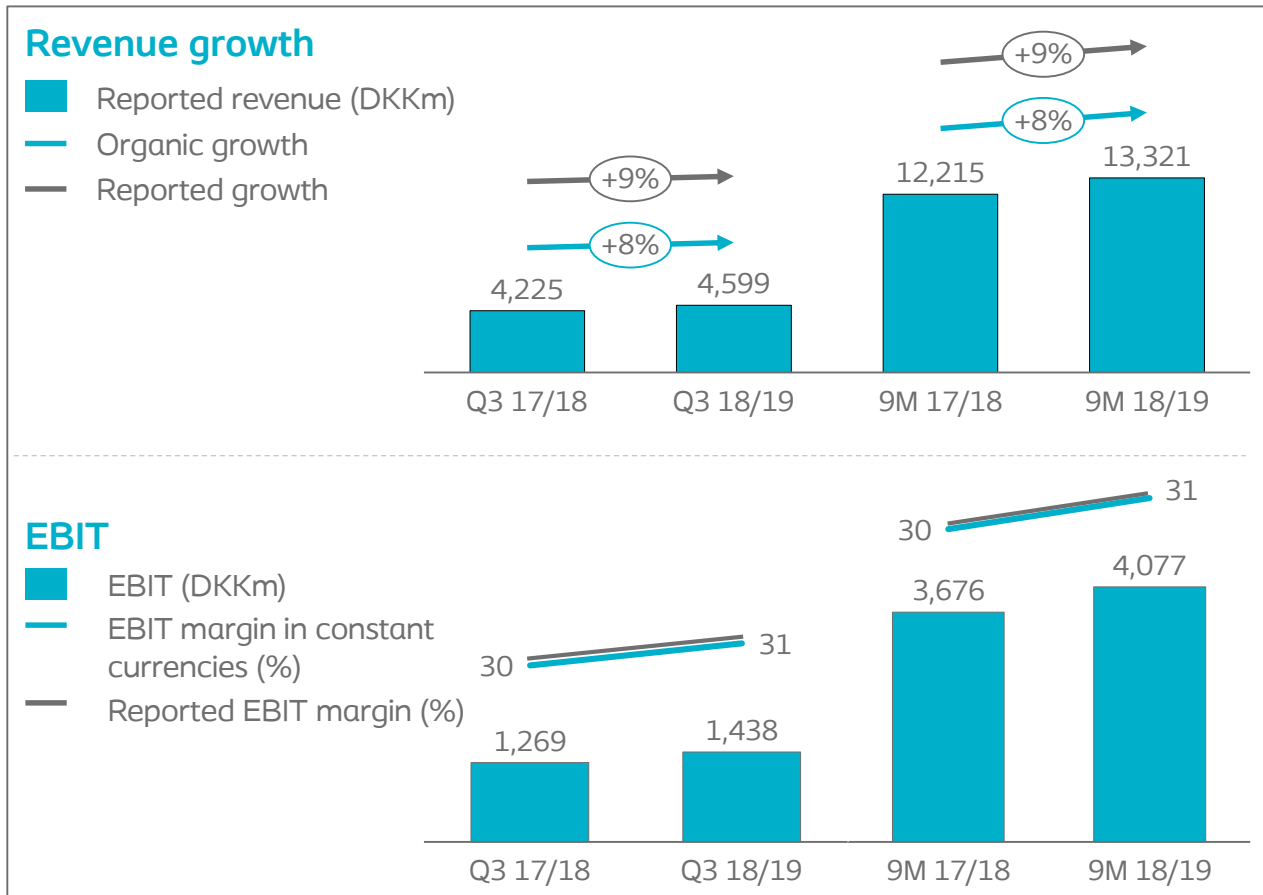


# Forward-looking statements

The forward-looking statements contained in this presentation, including forecasts of sales and earnings performance, are not guarantees of future results and are subject to risks, uncertainties and assumptions that are difficult to predict. The forward-looking statements are based on Coloplast's current expectations, estimates and assumptions and based on the information available to Coloplast at this time.

Heavy fluctuations in the exchange rates of important currencies, significant changes in the healthcare sector or major changes in the world economy may impact Coloplast's possibilities of achieving the long-term objectives set as well as for fulfilling expectations and may affect the company's financial outcomes.

# Coloplast delivered Q3 organic growth of 8% and an EBIT margin of 31%



## Q3 Highlights

- Organic growth of 8% and 9% in DKK
- Continued strong momentum in Europe across all business areas and double digit growth in Chronic Care in the US
- French price reform within OC, CC and WC announced
  - ~9% price cut in OC & CC as of 1 July 2019
  - ~2% price cut in WC as of 1 June 2019
  - Mitigation activities implemented
- Interventional Urology under unconditional strategic review
- EBIT grew 13% to DKK 1,438m and a reported EBIT margin of 31% vs. 30% last year
- ROIC after tax before special items<sup>(1)</sup> of 46%
- Unchanged financial guidance for 2018/19:
  - Organic revenue growth of ~8% and ~9% reported growth in DKK
  - EBIT margin of 30-31% in constant exchange rates and ~31% in DKK
  - Capex of DKK 700m

(1) Special items: Balance sheet items related to the provision in connection with settlements in lawsuits in the USA alleging injury resulting from the use of trans-vaginal surgical mesh products.



# Solid growth across all business areas in Europe, US and China

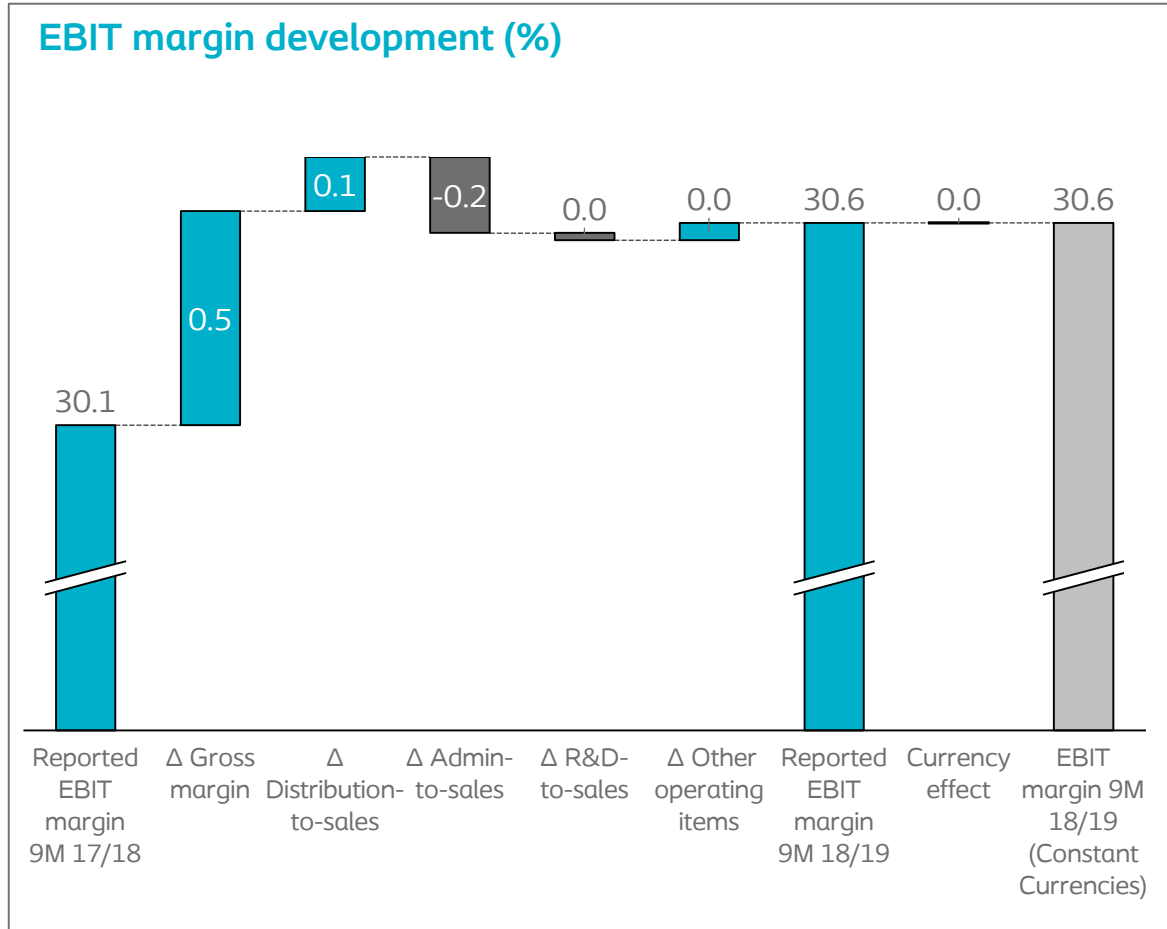
## 9M 18/19 revenue by business area

| Business area          | Reported revenue DKKm | Organic growth | Share of organic growth |
|------------------------|-----------------------|----------------|-------------------------|
| Ostomy Care            | 5,317                 | 7%             | 38%                     |
| Continence Care        | 4,811                 | 8%             | 35%                     |
| Interventional Urology | 1,476                 | 10%            | 13%                     |
| Wound & Skin Care      | 1,717                 | 9%             | 14%                     |
| <b>Coloplast Group</b> | <b>13,321</b>         | <b>8%</b>      | <b>100%</b>             |

## 9M 18/19 revenue by geography

| Geographic area         | Reported revenue DKKm | Organic growth | Share of organic growth |
|-------------------------|-----------------------|----------------|-------------------------|
| European markets        | 7,911                 | 6%             | 44%                     |
| Other developed markets | 3,206                 | 11%            | 30%                     |
| Emerging markets        | 2,204                 | 13%            | 26%                     |
| <b>Coloplast Group</b>  | <b>13,321</b>         | <b>8%</b>      | <b>100%</b>             |

# Solid growth in EBIT of 11% in 9M and 13% in Q3

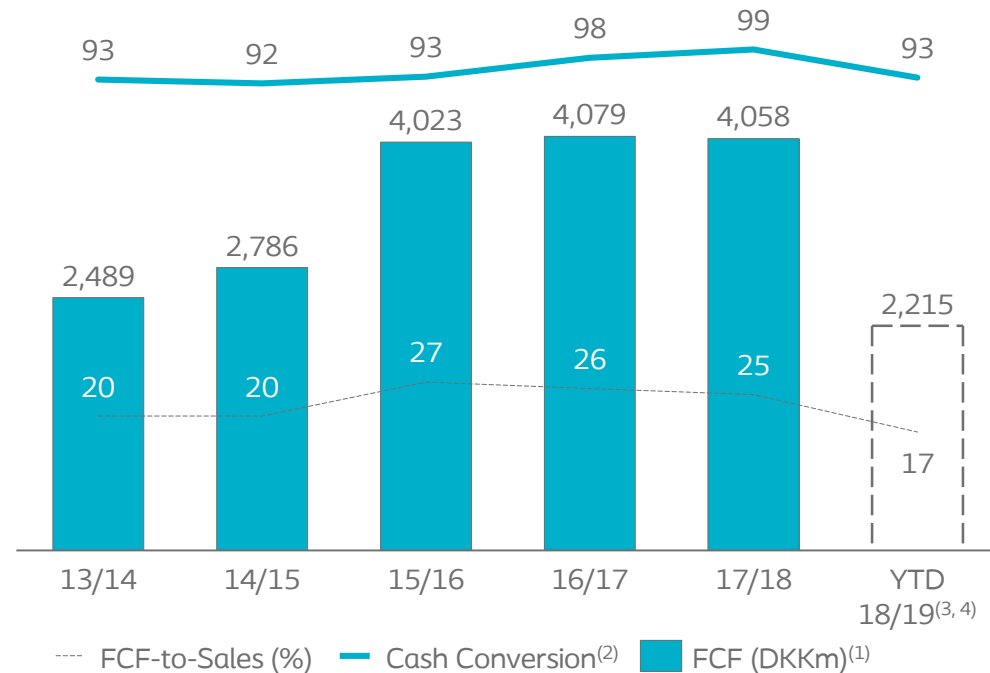


## Comments

- EBIT increased 11% to DKK 4,077m with a reported margin of 31% compared to 30% last year
- Gross margin of 67% in DKK compared to 67% same period last year
  - Positive impact from operational leverage driven by revenue growth as well as ongoing efficiency improvements
  - Negative impact from product mix, salary inflation in Hungary, acquisitions and DKK 43m in restructuring costs (vs. DKK 29m in 9M 17/18) related to reduction of production employees in DK. Closure of Thisted factory completed in June
  - Neutral impact from FX
- Distribution-to-sales of 29% on par with last year
  - Incremental investments of up to 2% of revenue were made in Q1 into innovation as well as sales and marketing initiatives across multiple markets and business areas
- Administrative expenses grew DKK 70m (14%), mainly relating to an increase in costs within IT and legal
- R&D costs increased 10% vs. 9M 2017/18 due to increased activity
- Other operating income/expenses of DKK 44m vs. DKK 35m last year
  - Increase due to a non-recurring income in Q2 (DKK 16m) from the sale of a former production facility in Denmark

# FCF driven by solid underlying development in earnings and acquisitions in comparison period

## FCF development



## Comments

- Free cash flow in 9M 2018/19 was DKK 2,215m, up 11% compared to DKK 1,988m in 9M 2017/18
- The increase is mainly explained by a decrease in investment activities, mainly due to the acquisitions of Lilial and IncoCare in the comparison period
  - Reported EBITDA 418m DKK higher than in 9M 2017/18
  - Operating cash flow of DKK 2,587m compared to DKK 2,787m last year. The decrease is partly explained by increased tax payments due to high tax deductions last year in connection with the mesh law suits in the US
  - NWC-to-sales of 25% compared to 23% in the beginning of the fiscal year. The increase in NWC is driven by higher inventory levels on strategic products
  - CAPEX-to-sales of 3% compared to 4% in 9M 2017/18. The decline was mainly linked to timing of investments during the course of the fiscal year

1) FCF adjusted for Mesh payments in 2013/14, 2014/15, 2015/16. Adjustment for Mesh payments includes DKK 500m insurance coverage in 2013/14 and 2014/15 combined. FCF in 2016/17 and 2017/18 adjusted for Mesh payments and acquisitions.

2) Cash Conversion calculated as FCF ex. Mesh payments, interest payments, tax payments, M&A and marketable securities relative to EBIT before special items.

3) YTD 2018/19 Cash Conversion is trailing twelve months

4) FCF-to-Sales YTD 2017/18: 16% (Adjusted for Mesh payments and acquisitions: 21%)



# Unchanged guidance for FY 2018/19

|                     | Guidance 2018/19                    | Guidance 2018/19 (DKK)* | Key assumptions  |
|---------------------|-------------------------------------|-------------------------|--|
| <b>Sales growth</b> | ~8%<br>(organic)                    | ~9%                     | <ul style="list-style-type: none"> <li>Up to 1% negative price pressure from Switzerland, Holland and the French price reform</li> <li>DKK guidance includes growth from Lilial and IncoCare</li> </ul>  |
| <b>EBIT margin</b>  | 30-31%<br>(constant exchange rates) | ~31%                    | <ul style="list-style-type: none"> <li>Incremental investments of 1-2% of revenue</li> <li>Restructuring costs of DKK 43m from reduction of production employees in Denmark</li> <li>Includes impact from acquisitions of Lilial and IncoCare</li> <li>Includes additional investments in MDR</li> </ul> |
| <b>CAPEX (DKKm)</b> |                                     | ~700                    | <ul style="list-style-type: none"> <li>New machines for new and existing products</li> <li>New distribution centre in UK</li> <li>IT investments</li> </ul>  |
| <b>Tax rate</b>     |                                     | ~23%                    |  |

\*DKK guidance is based on spot rates as of August 13th 2019





# Making it easier to be one of the girls

My stoma doesn't define me. My friends know about it and they support me. I feel comfortable when we are hanging out.

## Group Strategy update

Coloplast Meet the Management London 2019

Kristian Villumsen, President & CEO

Making life easier

Ostomy Care, Continence Care, Wound & Skin Care and Interventional Urology





# What we would like to share with you today



We have successfully accelerated growth and value creation through our LEAD20 strategy



We are building the consumer healthcare company of the future, while pursuing and investing in the numerous growth levers we see in our markets



We have the strongest product portfolio in the market to date, but still continue to get closer to users' needs to innovate and build clinically superior products that will also reduce total cost for payers



We are fully committed to investing in and scaling our Wound Care business



Interventional Urology is under unconditional strategic review



We are on track with our GOP4 to deliver 150 basis points EBIT improvement in 2020/21





# Our LEAD20 strategy expires next year and has successfully accelerated growth and long-term value creation

## LEAD20 strategy



## Long-term guidance 17/18-19/20

Revenue growth  
annual organic

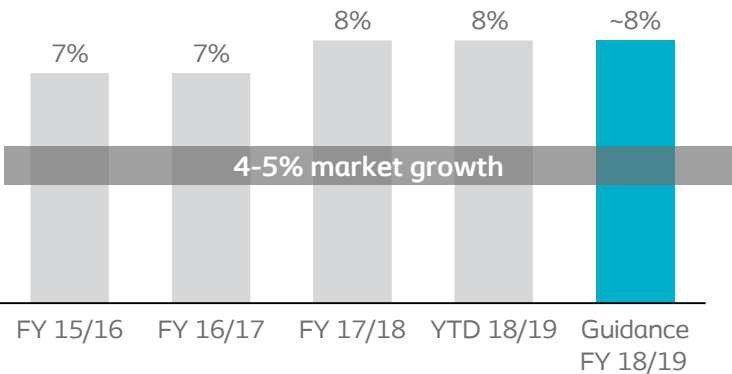


EBIT margin  
constant currencies



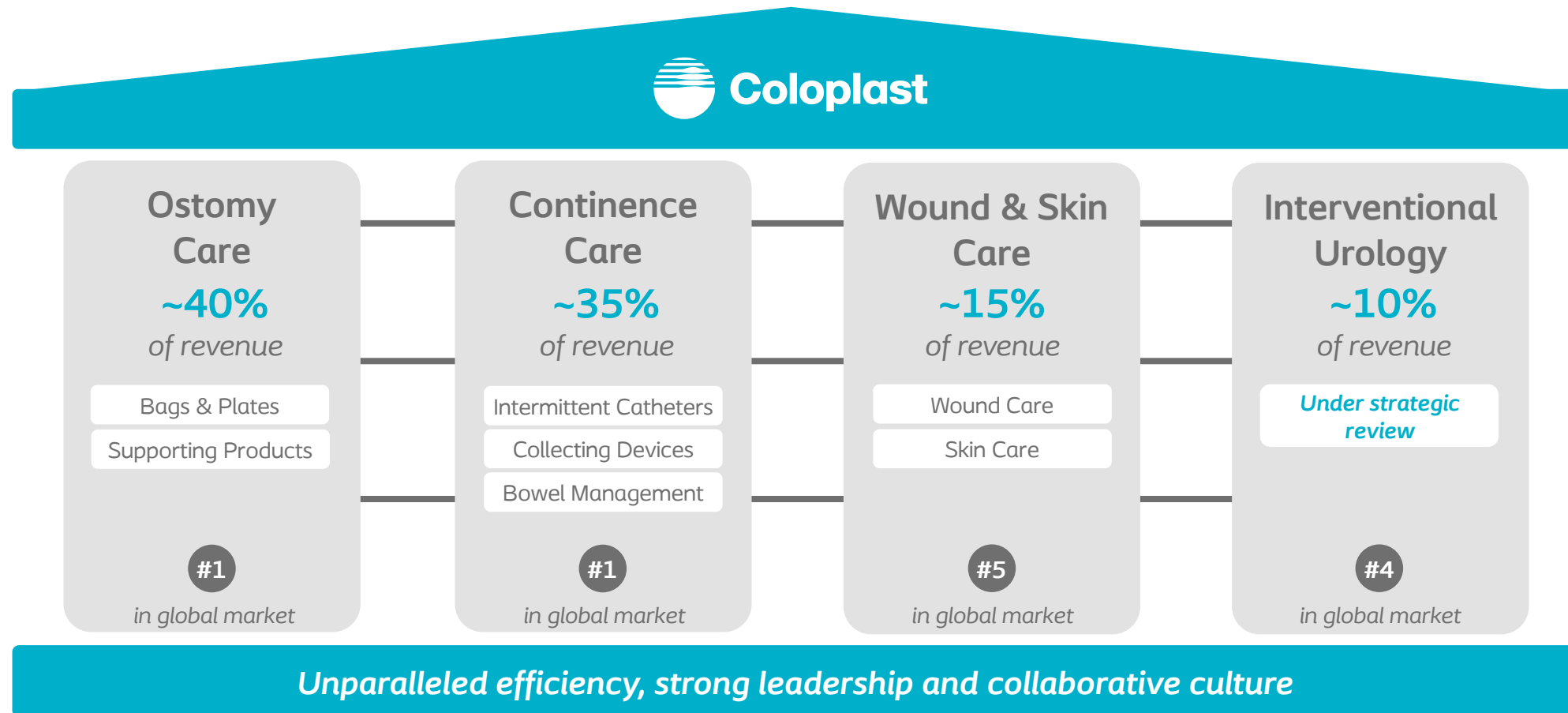
## Financial performance Organic growth, EBIT (%) & ROIC (%)

Full year Quarter

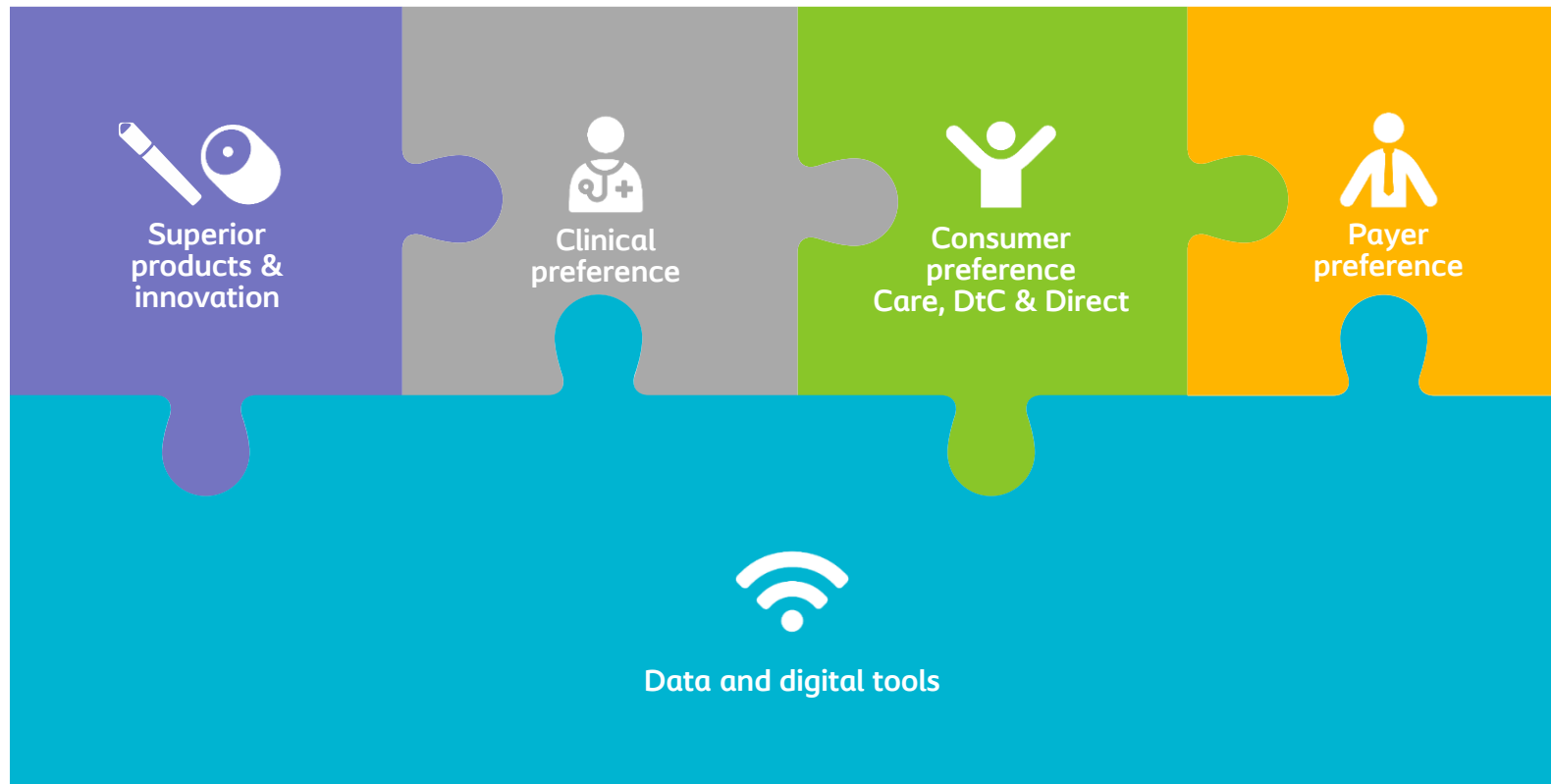


|                   |    |    |    |    |     |
|-------------------|----|----|----|----|-----|
| EBIT %            | 33 | 32 | 31 | 31 | ~31 |
| ROIC <sup>1</sup> | 49 | 47 | 44 | 45 | >45 |

# Today, Coloplast has four business areas all with global sales presence and attractive sub-categories



# We are building the consumer healthcare company of the future...





# ...and pursuing numerous growth drivers across our markets

## Growth Drivers

1



Build & shape reimbursement categories

2



Introduce superior innovation and value upgrade

3



Invest in geographies with untapped potential

4



Drive penetration & support users to improve QoL

5



Pursue category leadership in Silicone with Biatain Silicone and 3DFit<sup>®</sup> Technology

6



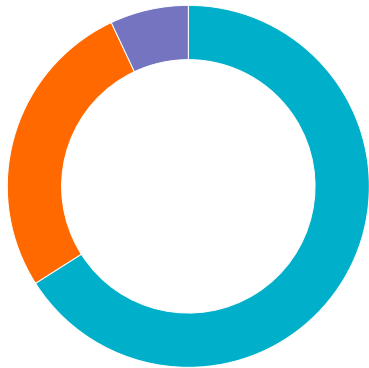
Scale and sustain strong profitability in Interventional Urology

# To fuel growth & sustain long-term competitive advantage, our investment strategy has a balanced approach

Up to 2% of sales invested annually across...

## ...functions

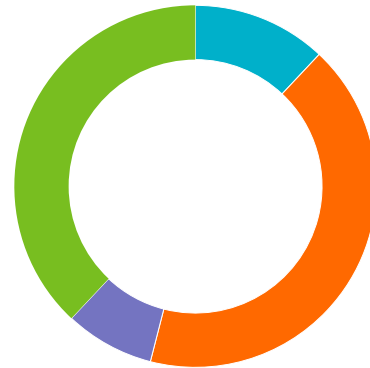
15/16-18/19



- Sales & marketing incl. market access
- R&D
- Other (IT, etc.)

## ...geographies

15/16-18/19



- European Markets
- Developed Markets
- Emerging Markets
- Other (IT, R&D, etc.)

## ...and time horizons

### Short term: Sales force, marketing and infrastructure

- Optimize and expand our commercial footprint and business support





### Medium term: Market Access

- Open up markets & reimbursement categories

### Medium to Long term: R&D

- Develop new, enabled products and service offerings

# ...and our short-term commercial investments are largely on track

| Investment focus  |                        | Status |
|---|------------------------|--------|
|    | Innovation             | (✓)    |
|    | Chronic Care           | ✓      |
|    | Wound Care             | ✓      |
|  | Interventional Urology | ✓      |





# Our product portfolio is the strongest to date

## Ostomy Care

**SenSura<sup>®</sup> Mio**



## Continence Care

**SpeediCath<sup>®</sup>**



## Wound & Skin Care

**Biatain<sup>®</sup> Silicone**

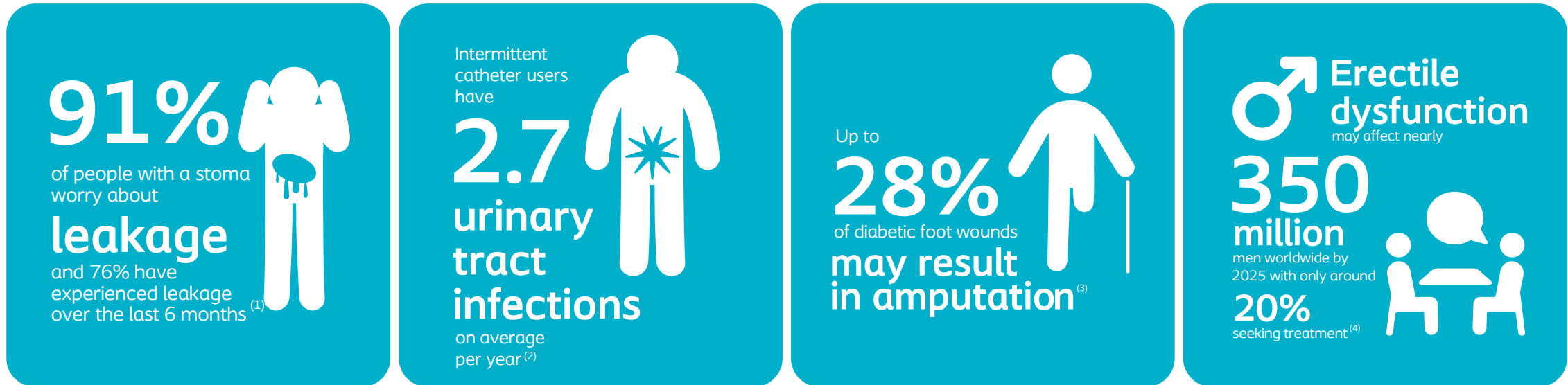


## Interventional Urology

**Titan<sup>®</sup>**

**Altis<sup>®</sup>**

# But users still face problems in their daily life – we have more work to do



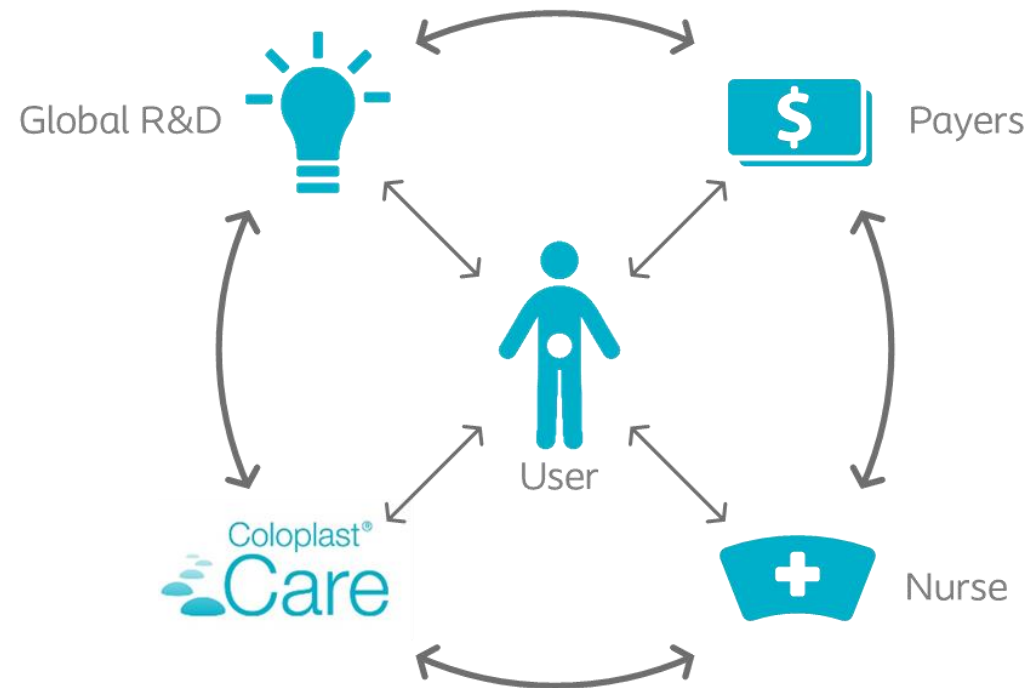
1) The Ostomy Life Study: the everyday challenges faced by people living with a stoma in a snapshot. Claessens, et al., Gastrointestinal Nursing, Vol. 13, No. 5. doi.org/10.12968/gasn.2015.13.5.18

2) CPIC\_Market survey\_IC user survey\_2016\_A4, data on file (PM-06287)

3) Armstrong et al., 1998. Validation of a diabetic wound classification system. The contribution of depth, infection, and ischemia to risk of amputation, Diabetes Care, 21(5), 855-9.

4) Aversa and Fabbri, 2001. New Oral Agents for Erectile Dysfunction: What is Changing in Our Practice?, Asian Journal of Andrology, Sep(3), 175-179.

# User needs are at the centre of all our innovation activities and service offerings





# Build & shape reimbursement categories

## Growth Drivers

1



Build & shape reimbursement categories

2



Introduce superior innovation and value upgrade

3



Invest in geographies with untapped potential

4



Drive penetration & support users to improve QoL

5



Pursue category leadership in Silicone with Biatain Silicone and 3DFit® Technology

6



Scale and sustain strong profitability in Interventional Urology

# Making it easier to get back on track

It took a while but now I have taken back control.  
I'm trying new things, pushing my limits again.

## Build & shape reimbursement categories

Coloplast Meet the Management London 2019

Christian Bo Petersen, Senior Vice President, Payers & Trade

Making life easier

Ostomy Care, Continence Care, Wound & Skin Care and Interventional Urology





# We have integrated & significantly upscaled our Market Access approach

## Significant upscale of the function

- **Direct reporting** to EXM / Country Managers
- **One integrated function:** Pricing + Market Access + Government Affairs
- **Doubling # of FTEs** within last 3 years
- **Dedicated & experienced specialists** (global & local)
  - Health Economics
  - Clinical & real world evidence
  - Payer relations & stakeholder mgmt.

## ... and fully integrated into core processes

- Reimbursement & Pricing framework fully anchored in pipeline gate-stage model
- Clinical end-points in pipeline projects aligned with Payer value drivers
- Burden of Illness studies conducted / being conducted in all core markets/business areas
- Reimbursement expansion pipeline with the aim of opening new value pools

# Our roadmap to premium/new reimbursement categories begins with unmet user needs or medical problems

## Sequence of introducing & shaping reimbursement categories

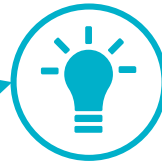
1: Identify unmet need or medical problem



2: Understand burden of illness & cost to payers



3: Link value drivers to clinical end-points



4: Build our value argumentation



5: Apply for new or premium reimbursement category

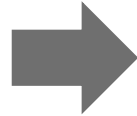




# Health economic modelling inform payers of estimated costs of an illness – and potential treatment costs/savings

## Health Economic Modelling

### Interview HCPs



### Define current practice



Severity levels  
Interventions  
Probabilities



### Develop, populate and publish model



1000

|                           |      |          |        |
|---------------------------|------|----------|--------|
| Intact contact dermatitis | Mild | Moderate | Severe |
| Allergic dermatitis       | Mild | Moderate | Severe |
| Mechanical trauma         | Mild | Moderate | Severe |
| Disease related           | Mild | Moderate | Severe |
| Infection related         | Mild | Moderate | Severe |

### Pros

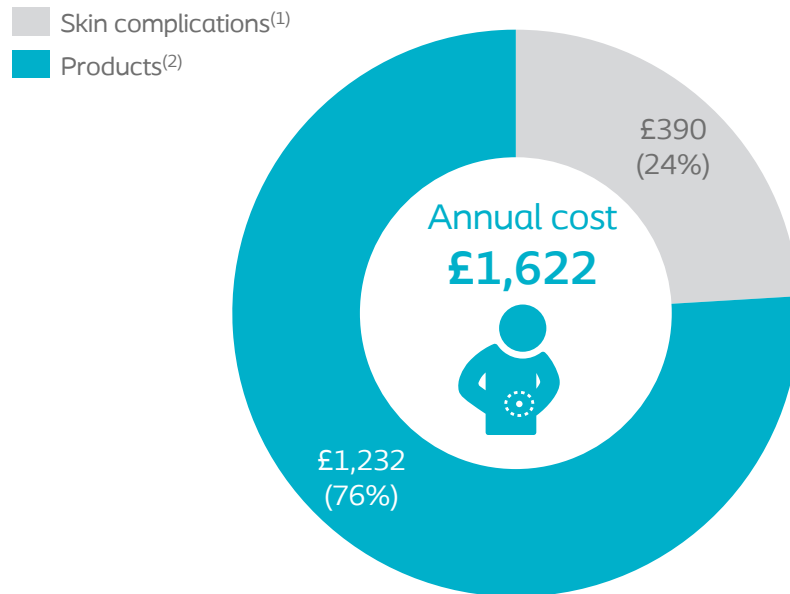
- + Narrow scope > specific product target
- + Easy to estimate impact of intervention
- + More granular > easy to simulate on sensitivity

### Cons

- Estimated costs > not Payer specific
- Treatment practice varies across systems

# Example: Annual spend on Peristomal Skin Complications in UK has been estimated via a published HE model<sup>(1)</sup>

## An ileostomist in UK (vs. SenSura Mio, Flat, 1pc user)



With a prevalence of Peristomal Skin Complications of 46%<sup>(1)</sup>

We see direct **potential savings of 1/3 of product costs** for the payers by reducing the need for:



Stoma Care Nurse Interventions



GP visits



Specialist visits



Medication

1) Martins et al. 2012 (adjusted for inflation) - British Journal of Nursing  
2) One product per day, Drug Tariff 2019

# Burden of illness studies inform payers of real costs of an illness – and saving potentials

## Real world evidence: Burden of illness studies

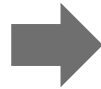
Select vendor /  
Payer dataset



Define data points



Diagnosis codes  
Procedure codes  
Medication/products



Data extraction



## User journey



### Pros

- + Actual payer costs based on a payer population
- + Actual patient events based on a payer population
- + Exploratory > identifies multiple cost drivers

### Cons

- Hard to estimate impact of a single intervention
- Treatment practice & costs varies across systems

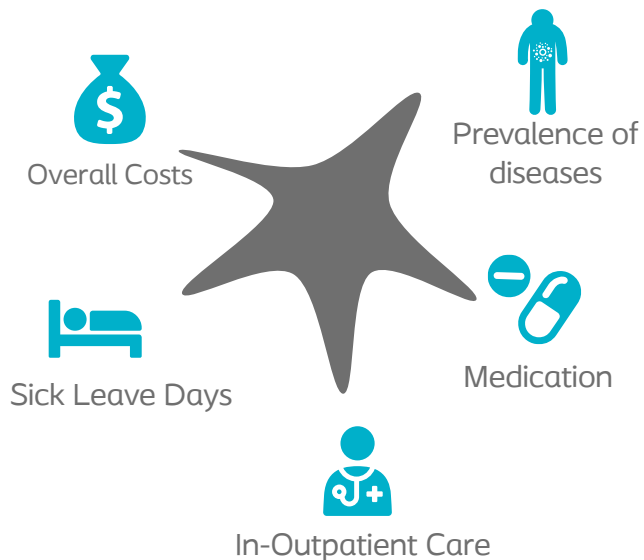
# Example: Results from a burden of illness study in Germany show significant payer costs linked to ostomates

## Data

German claims database  
2.5m beneficiaries  
2007-2015<sup>(1)</sup>

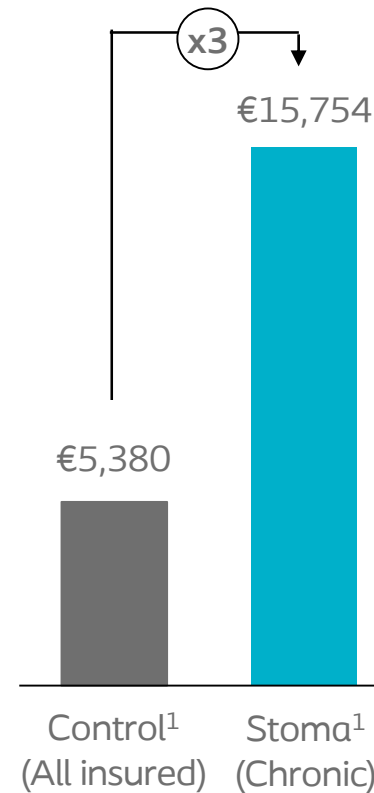
Colostomy, ileostomy  
and urostomy

## Study variables (examples)



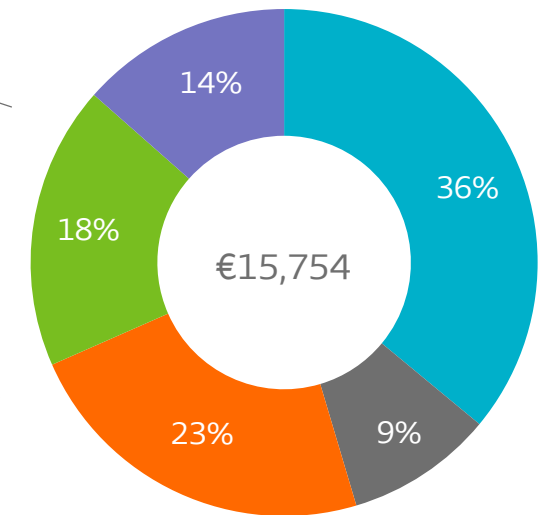
## Total cost per year

EUR



## Total cost split ostomates<sup>(1)</sup>

■ Inpatient ■ Stoma products and nursing  
■ Outpatient ■ Other Medical devices  
■ Medication



1) Poster Presentation – Rethmeier et al. - ISPOR 2018, Baltimore



# Introduce superior innovation and value upgrade

## Growth Drivers

1



Build &amp; shape reimbursement categories

2



Introduce superior innovation and value upgrade

3



Invest in geographies with untapped potential

4



Drive penetration &amp; support users to improve QoL

5

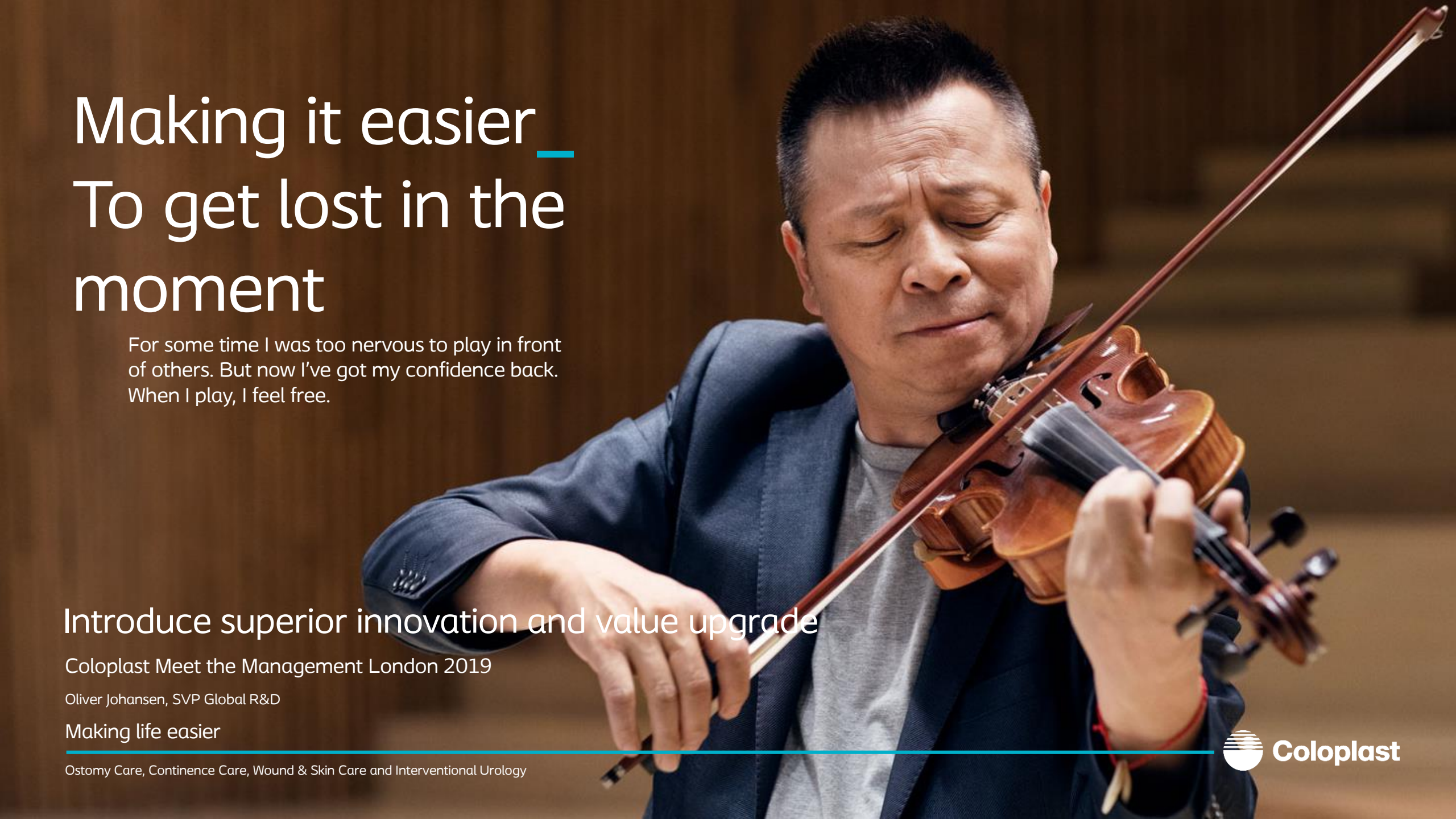


Pursue category leadership in Silicone with Biatain Silicone and 3DFit® Technology

6



Scale and sustain strong profitability in Interventional Urology



# Making it easier\_

# To get lost in the

# moment

For some time I was too nervous to play in front of others. But now I've got my confidence back. When I play, I feel free.

## Introduce superior innovation and value upgrade

Coloplast Meet the Management London 2019

Oliver Johansen, SVP Global R&D

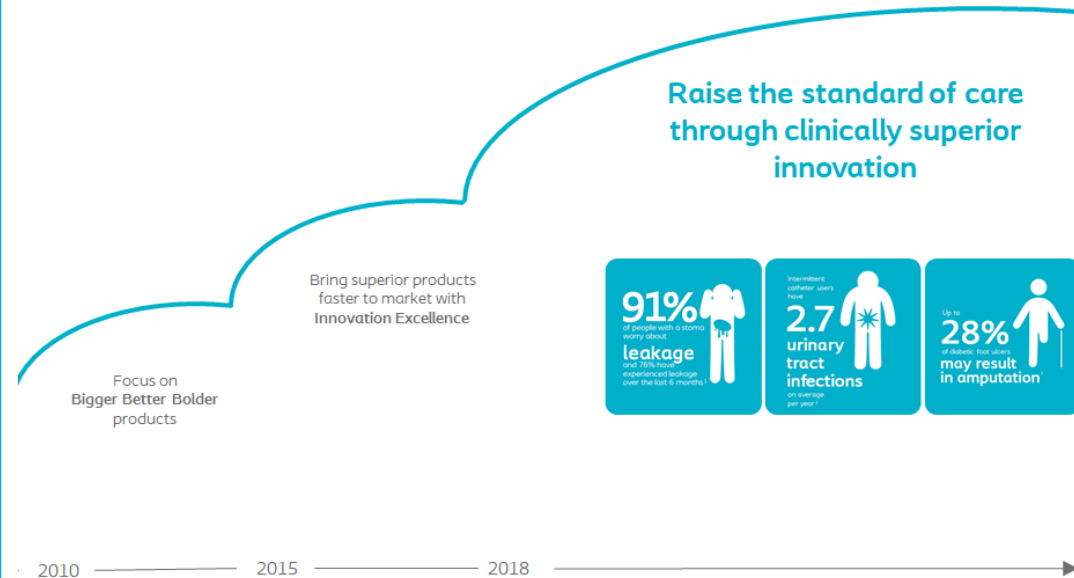
Making life easier

Ostomy Care, Continence Care, Wound & Skin Care and Interventional Urology

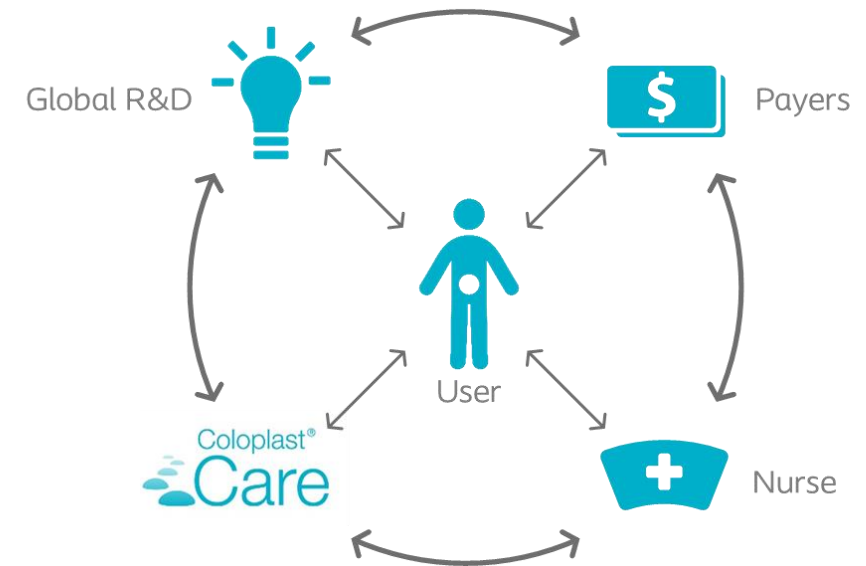


# We want to raise the standard of care through clinically superior products and innovation

## Clinical superior innovation



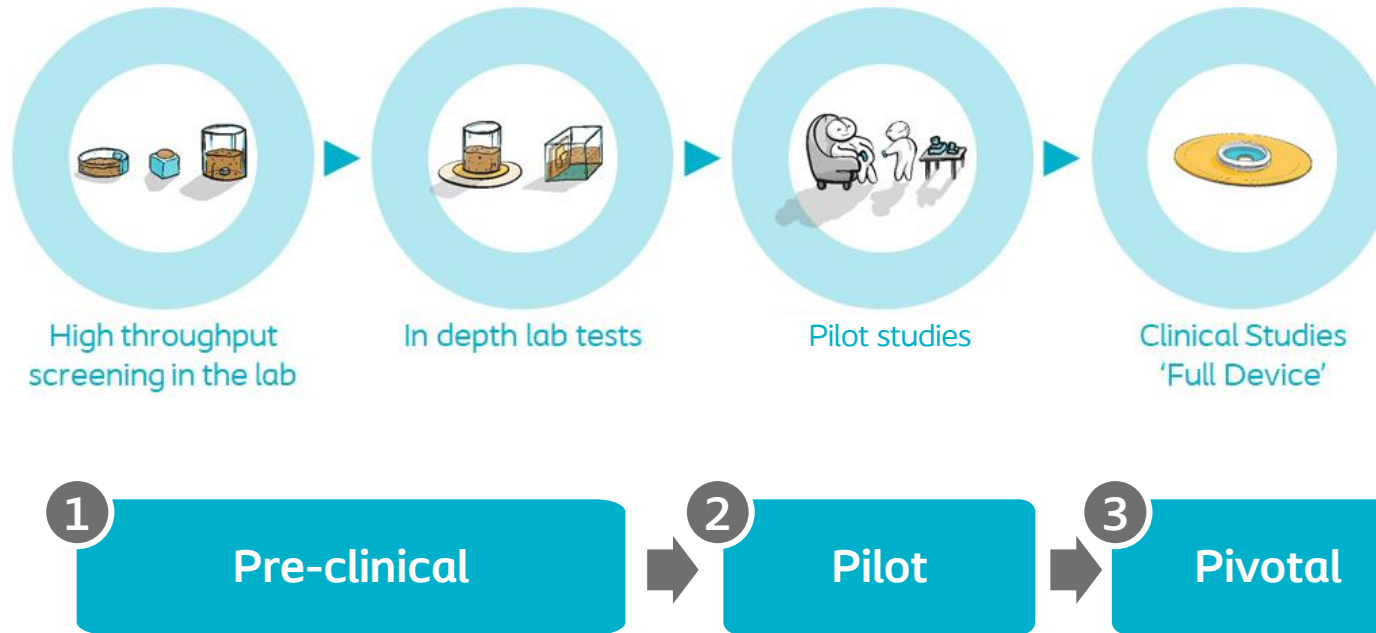
## User needs are at the centre of all our innovation activities and service offerings



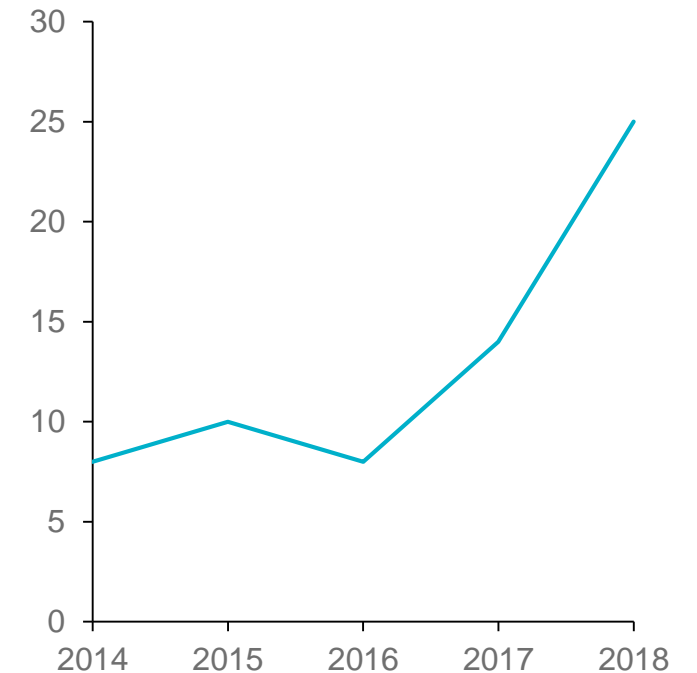


# We have strengthened our pre-clinical capabilities and are running more clinical studies to test new technologies

## Phase of clinical studies: Test new technologies and accelerating development



## Number of clinical studies executed by Coloplast\*



\* Source: internal Coloplast performance data.



# Today we will focus on Ostomy Care where peristomal skin complications are common and a burden for many users and costly to payers and society

## Peristomal skin complications is a real cost driver



# 73%

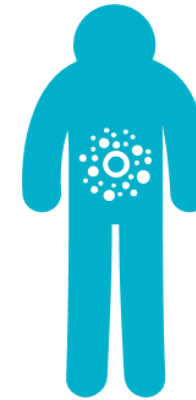
*Of all users have experienced skin issues within the past 6 months\**



# 52%

*Reports skin issues as one of the main reasons to see a nurse\**

## And is a burden for many users



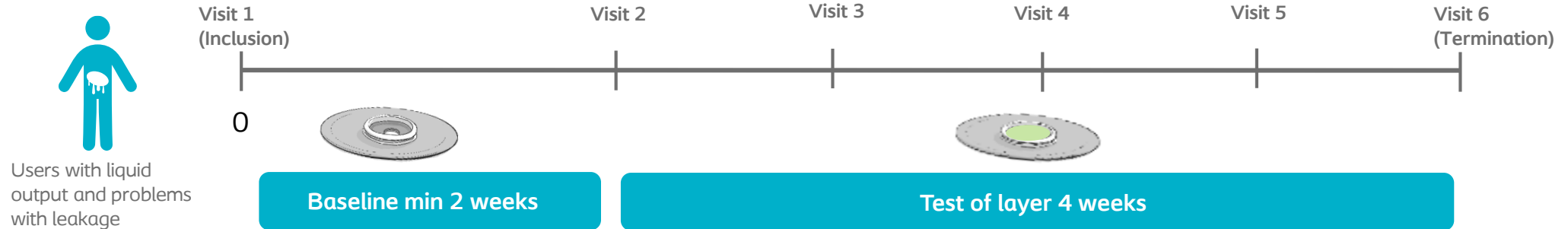
*"I usually stay at home for a couple of days when that happens"*

*"I can't sleep. This is burning so bad I have to go and change it again"*

\* The Ostomy Life Study: the everyday challenges faced by people living with a stoma in a snapshot. Claessens, et al., Gastrointestinal Nursing, Vol. 13, No. 5. doi.org/10.12968/gasn.2015.13.5.18

# Pilot study shows significant peristomal skin improvement and supports our premium price ambition\*

## Testing new skin protecting technology in Pilot study\*



## Study showed significant improvement in skin health and strong user preference

**40% reduction in itching, burning and pain**

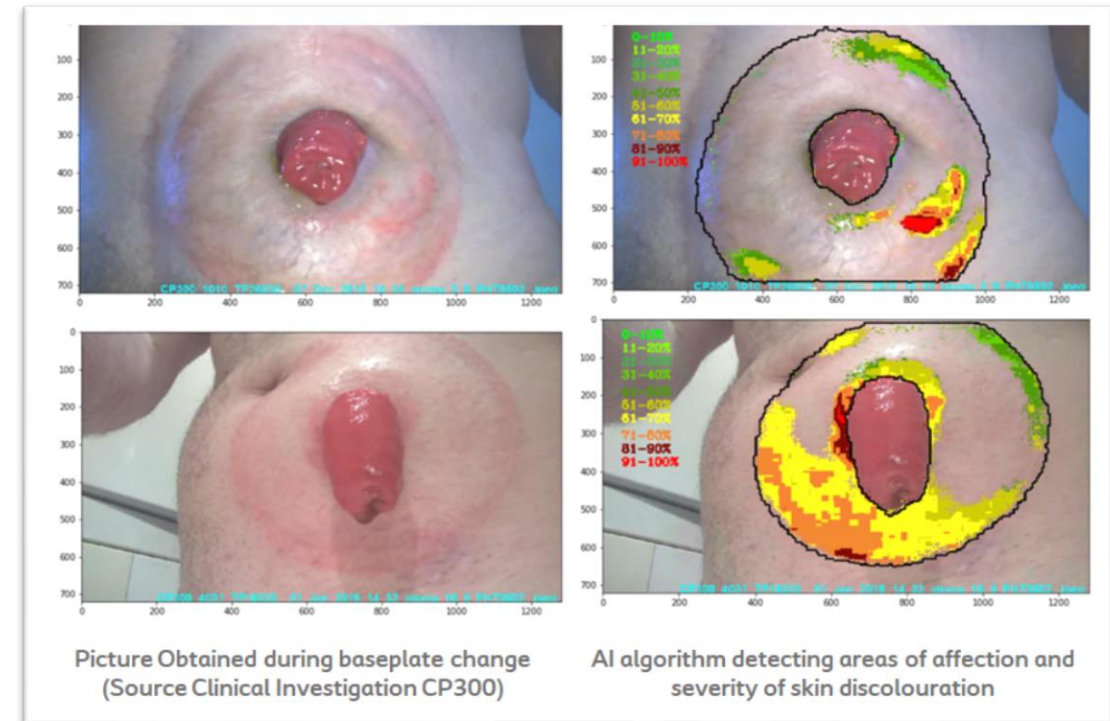
**71% of users prefer test product over SenSura Mio**

\* Assessment of New Enhanced Ostomy Device in Real-life Settings in Subjects Having a Stoma.ClinicalTrials.gov Identifier: NCT03770078

# We are using artificial intelligence (AI) for peristomal skin analysis

## Using AI for peristomal skin analysis

- During our clinical studies users take pictures of their peristomal area and base plate when changing their product
- We have successfully used artificial intelligence to analyse the images and determine skin health and leakage
- AI models achieved high level of accuracy and detection of area of affection, skin discoloration, intensity and leakage
- Percentage discolouration 92.6% accuracy
- Leakage model 95% accuracy

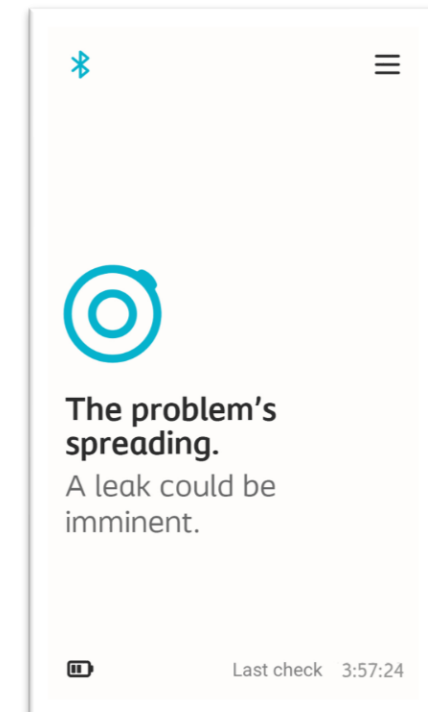


# Our digital efforts are progressing and pilot studies have showed encouraging results in detecting leakage <sup>(1,2)</sup>

## Our digital aspiration

- We have a strong concept that can provide peace of mind to users
- Very positive feedback from nurses and users
- Our capabilities around mapping sensor signals and defining subsequent app communication are rapidly maturing
- Pilot studies have shown high reliability in detecting leakage
- Manufacturing processes being matured

## Giving users accurate information about product performance

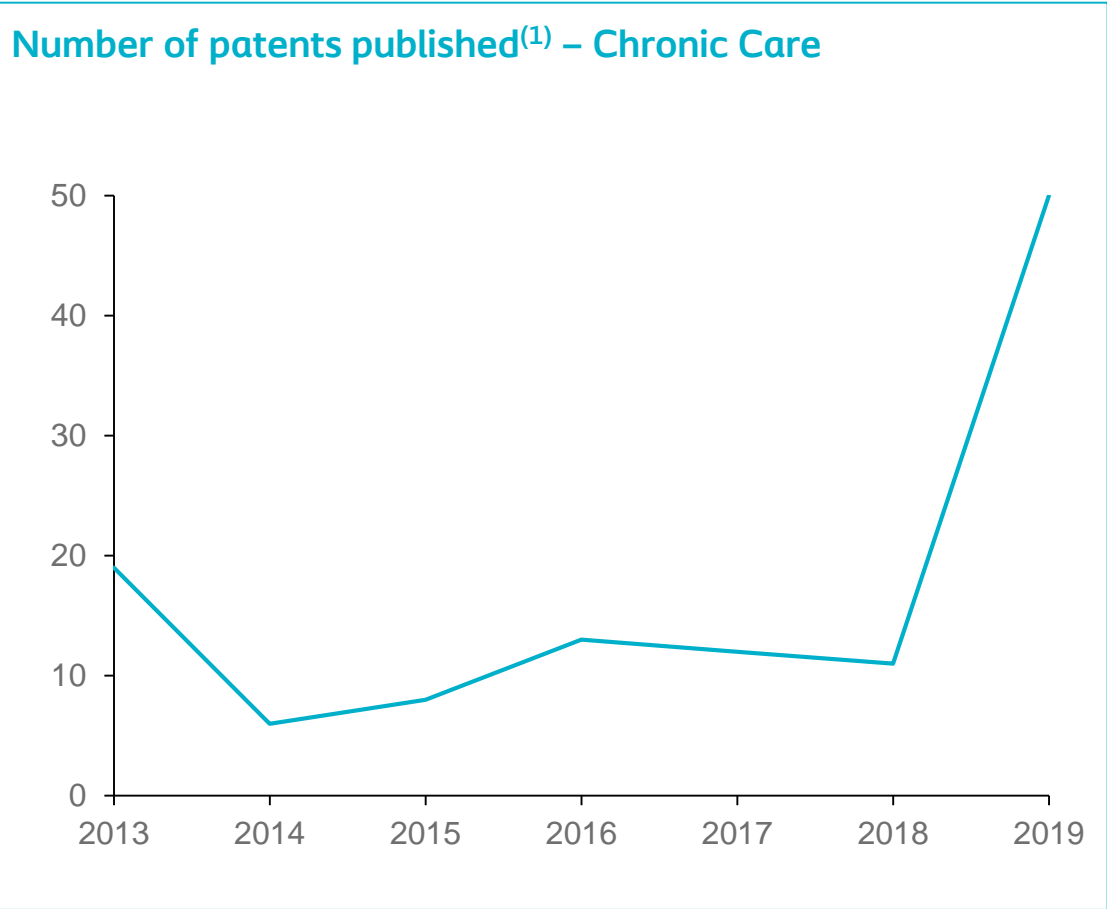


1) Assessment of the Performance of a New Ostomy Device in Subjects Having an Ileostomy. ClinicalTrials.gov Identifier: NCT03439241.

2) Evaluation of the Ability of Newly Developed Adhesives to Absorb Moisture. ClinicalTrials.gov Identifier: NCT03619226



# We have raised the bar for innovation and protecting our Intellectual Property is important



1) Includes expected publications for all of 2019

Patented areas

- Digital health
- Skin protecting technology
- New IC platform

# We have a strong track record in delivering incremental innovation and are making good progress on next level innovation

## Incremental innovation

New products and line extensions within existing technologies to drive short term growth



Known materials/processes. In-house expertise



Shorter time to market



Price strategy – on par / parity+



Existing reimbursement categories



Lower risk projects

## Next level innovation

Clinically superior products requiring new technologies to drive long term growth



New materials/processes. External partnerships



Longer time to market



Premium price strategy – beats time-to-market



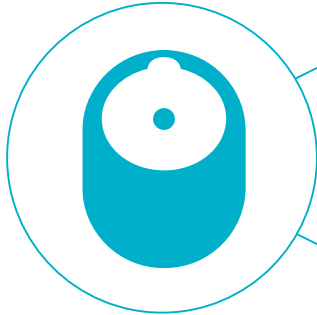
Premium / new reimbursement categories



Higher risk projects

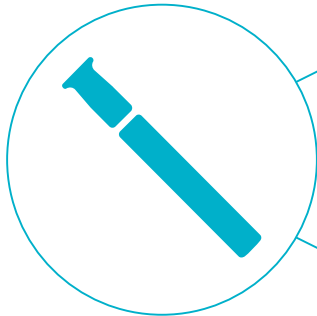
Products to be launched  
beyond 2020

# Next steps



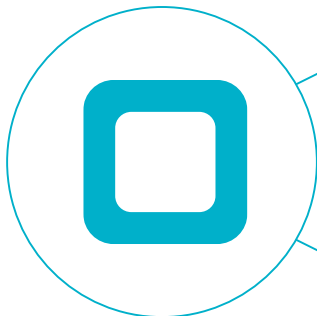
## **In Ostomy Care we will continue to:**

- Conduct pilot and pivotal clinical studies in order to
  - Show efficacy and safety to be used for price and category negotiations
  - Support product registration and product claims
- Drive our digital efforts



## **In Continence Care we are working on a new catheter platform:**

- Including the Bacteria Barrier Technology
- Developing new technologies that address risk factors for getting UTI's
- Continuation of pre-clinical efforts and conducting pilot studies









## **In Wound Care we will continue to:**

- Strengthen the innovation pipeline
- Focus on silicone category and 3DFit Technology

# Now, let's have a closer look at the remaining growth drivers that we see

## Growth Drivers

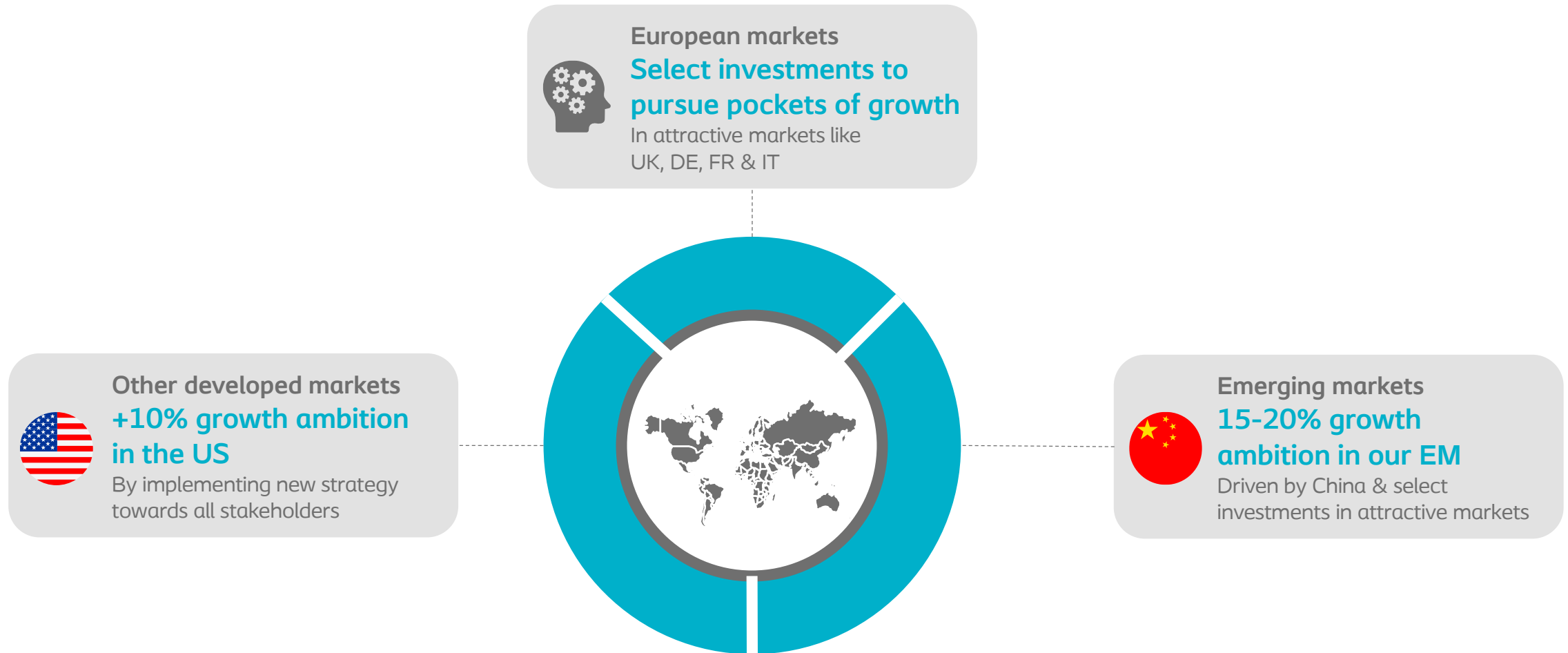
- 1  Build & shape reimbursement categories
- 2  Introduce superior innovation and value upgrade
- 3  Invest in geographies with untapped potential
- 4  Drive penetration & support users to improve QoL
- 5  Pursue category leadership in Silicone with Biatain Silicone and 3DFit® Technology
- 6  Scale and sustain strong profitability in Interventional Urology



## GROWTH DRIVER 3: INVEST IN GEOGRAPHIES WITH UNTAPPED POTENTIAL

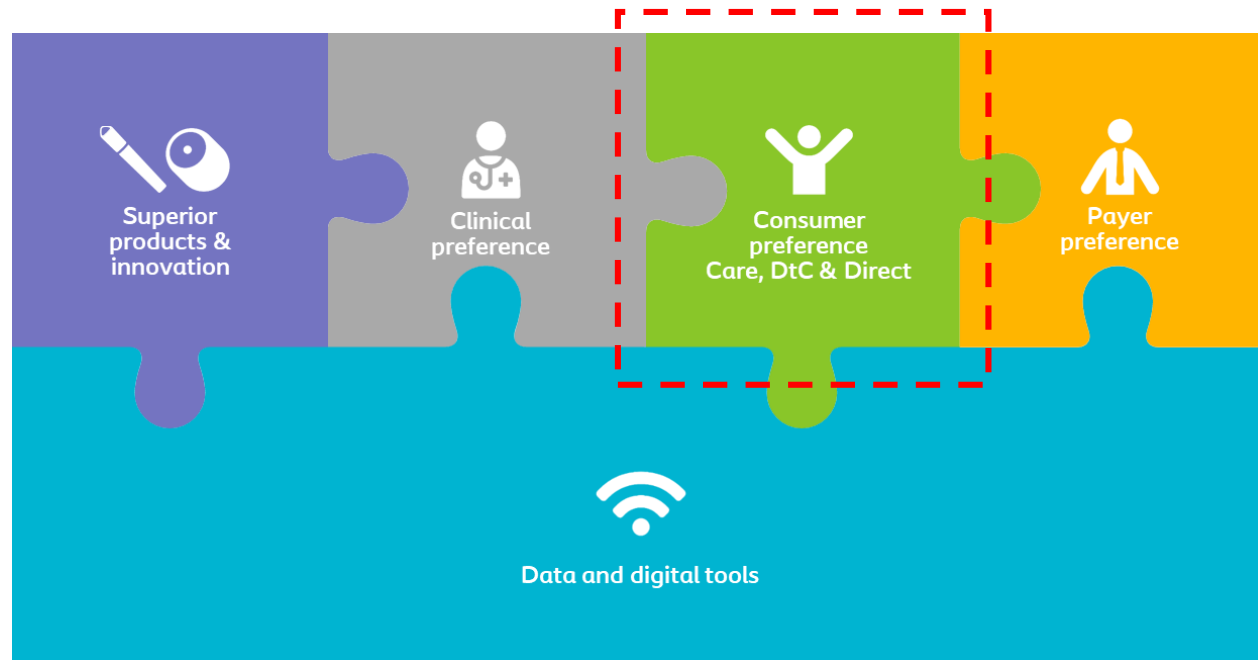
# We will selectively invest in attractive geographical regions

## – strong focus on further scaling our US and CN businesses



## GROWTH DRIVER 4: DRIVE PENETRATION &amp; SUPPORT USERS IMPROVE QOL

# Our consumer focus enables us to support users across countries to live the life that they want



Over 1m consumers in 30+ countries through Care and DtC



Increasing Direct presence

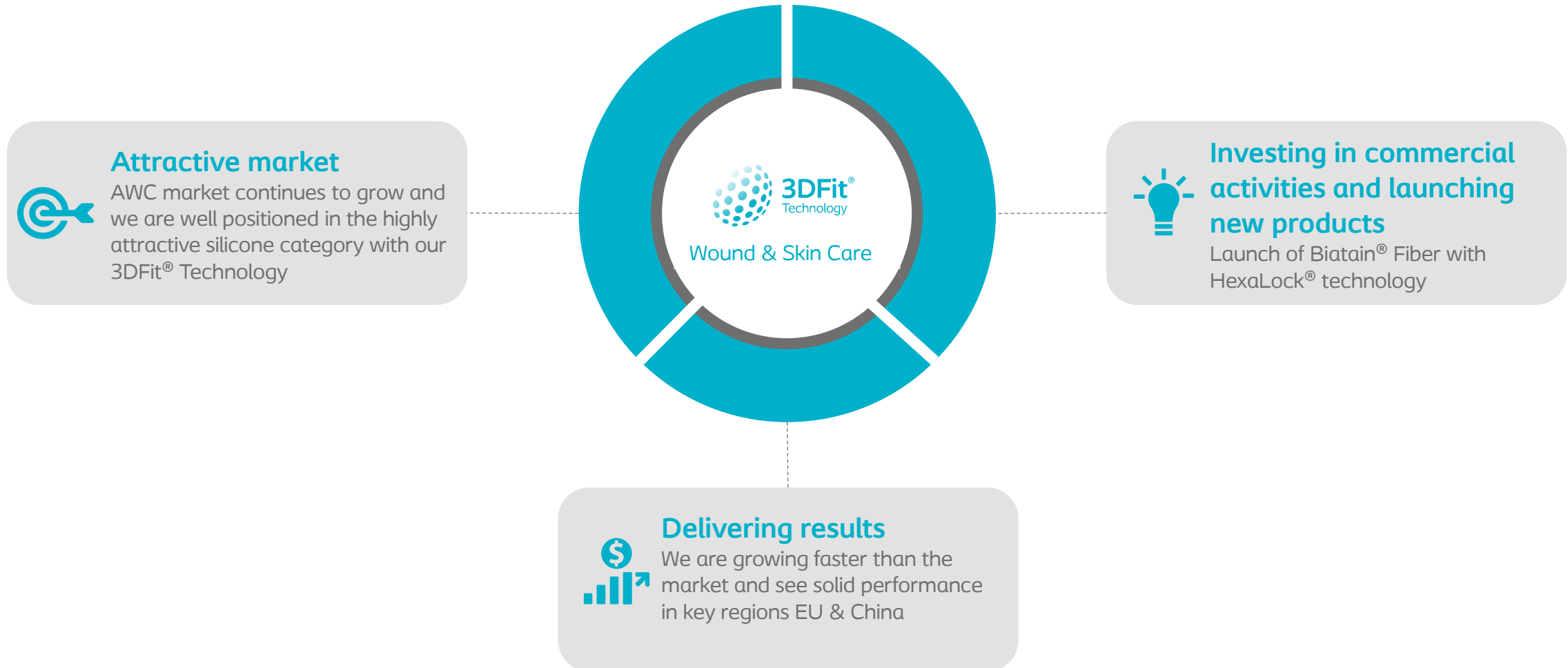


Enabling users through digital platforms

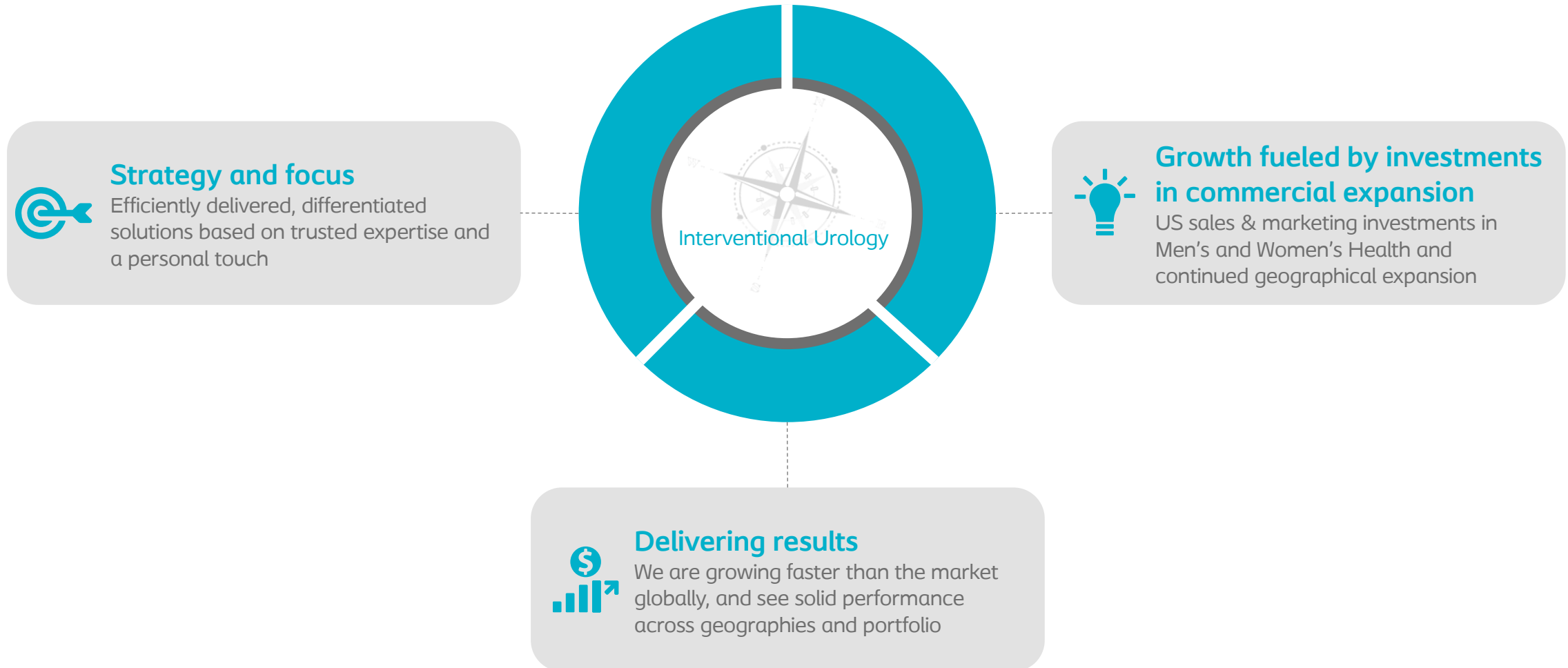


Content built with local clinicians around local standards of care

# We are committed to Wound Care and have invested in innovation and commercial initiatives to scale the business



# In Interventional Urology, we continue to outpace the market with a comprehensive portfolio of solutions





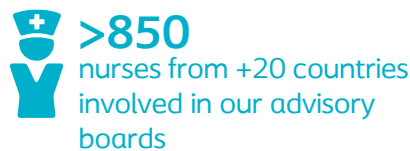
# We will continue to strive to grow our business in a socially responsible way, and reduce our environmental impact

## By empowering people

### Access to Healthcare



### Education & training for clinicians

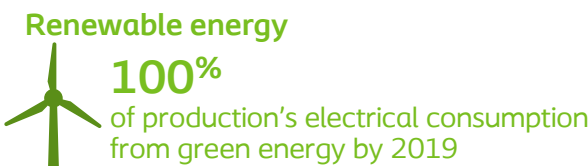


## By acting respectfully

### Inclusion & diversity



## By minimising our footprint



# In summary



We have successfully accelerated growth and value creation through our LEAD20 strategy



We are building the consumer healthcare company of the future, while pursuing and investing in the numerous growth levers we see in our markets



We have the strongest product portfolio in the market to date, but still continue to get closer to users' needs to innovate and build clinically superior products that will also reduce total cost for payers



We are fully committed to investing in and scaling our Wound Care business



Interventional Urology is under unconditional strategic review



We are on track with our GOP4 to deliver 150 basis points EBIT improvement in 2020/21



# Making it easier\_ to be yourself

Clothes are a part of my identity, so I worried about what I could wear after my operation. Today, I still dress the way I want.



## Chronic Care update

Coloplast Meet the Management London 2019

Paul Marcun, EVP Chronic Care  
Manu Varma, SVP Chronic Care North America

## Making life easier

Ostomy Care, Continence Care, Wound & Skin Care and Interventional Urology



# Chronic Care represents more than 75% of Coloplast sales and we continue to outgrow the market

## Chronic Care sales, in DKK

FY 17/18



>75%

of Coloplast sales

12.6

billion of DKK annual sales

#1

global position

■ Chronic Care  
■ Rest of Coloplast business

## Chronic Care sales in DKK by BA

FY 17/18



■ Ostomy Care  
■ Continence Care

## Chronic Care sales in DKK by region

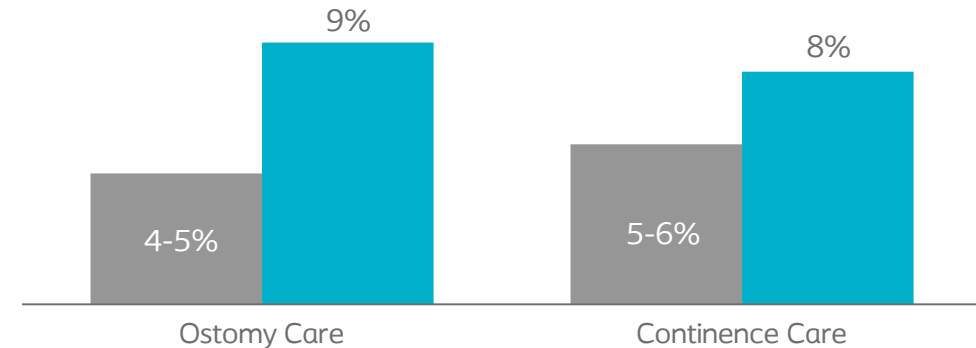
FY 17/18



■ European markets  
■ Other developed markets  
■ Emerging markets

## Chronic Care reported sales growth vs. market by BA, %

FY 17/18



■ Coloplast growth  
■ Market growth

## Market growth drivers/trends

- + Aging population
- + Consumerism of health care
- + Digital and technology transformation
- Cost pressure and demand for value from payers
- Earlier detection and cure

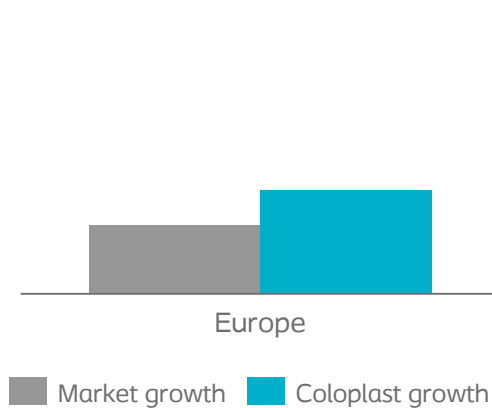
Source: Coloplast



# We are outgrowing the market across all regions

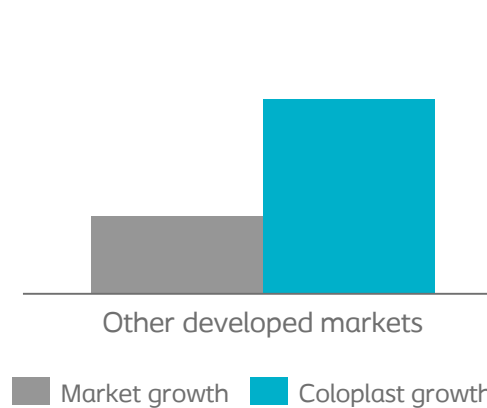
## Chronic Care sales growth vs. market by region, %

18/19 Q1-Q3



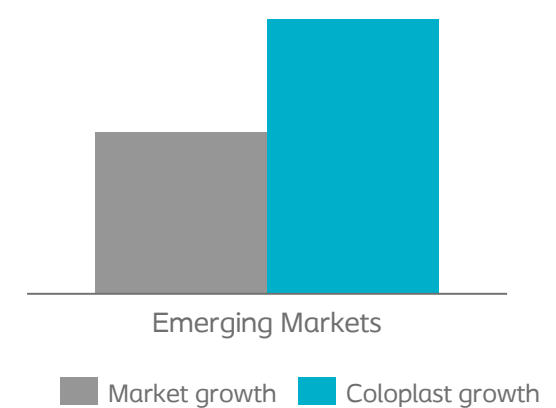
### Performance drivers

- + SenSura Mio portfolio, SpeediCath Flex
- + Broad-based strong momentum
- + UK / Charter investment
- Price reforms



### Performance drivers

- + SenSura Mio portfolio, SpeediCath Flex
- + US OC sales force expansion
- + IC reimbursement in Australia and Japan

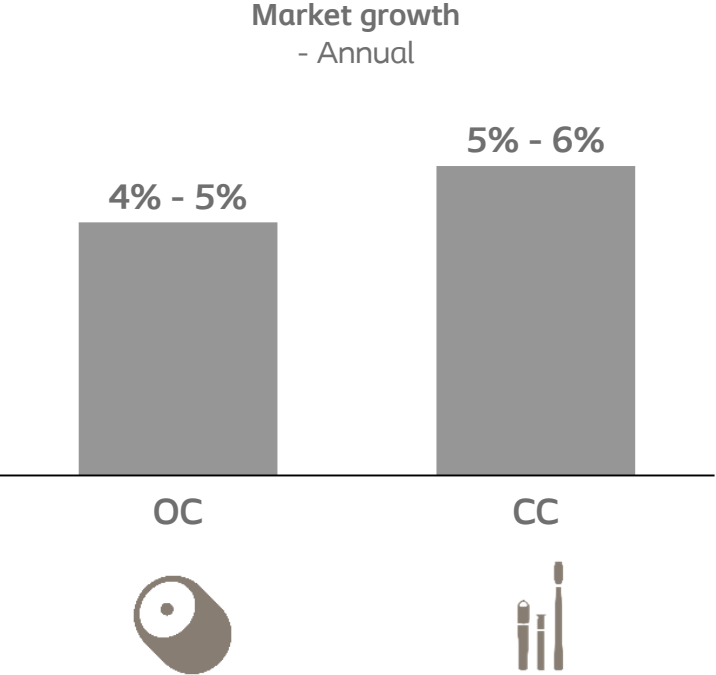


### Performance drivers

- + Strong OC performance in China
- + LATAM, Russia Central / Eastern Europe
- Greece market reforms
- Geo-politics in Northern Africa

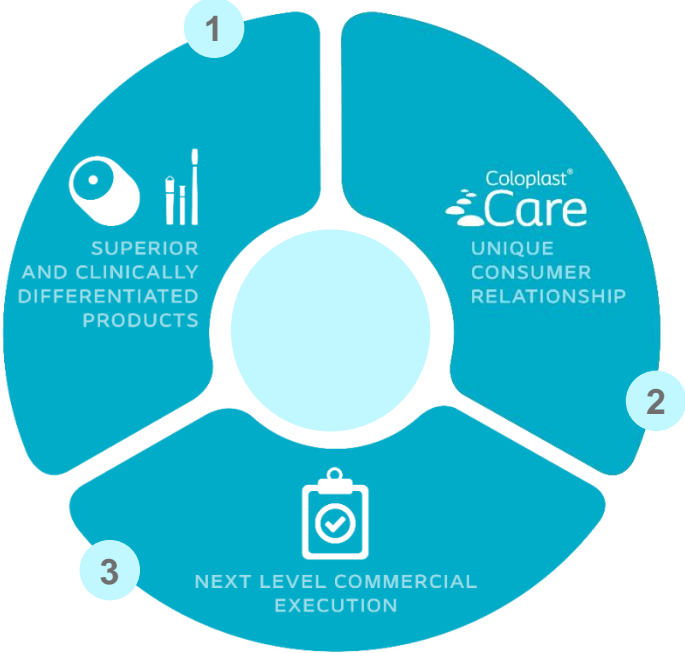
# Our ambition remains to grow faster than the market driven by our 3 strategic themes

Our revenue ambition is to outgrow the market



Source: Coloplast

Our strategic themes



1 SUPERIOR AND CLINICALLY DIFFERENTIATED PRODUCTS

# New product launches and upgrades contribute significantly to our growth

## Innovative products

### SenSura® Mio portfolio



### SpeediCath® Flex



### Brava® Protective Seal



## Key growth drivers

### Win with SenSura® Mio platform

Growth continuous to be driven by SenSura® Mio Convex

SenSura® Mio Concave now launched in 16 countries and is increasingly contributing to growth

SenSura® Mio Baby & Kids launched in 11 countries

### Drive growth through SpeediCath® family

SpeediCath® Flex continues its strong growth momentum

SpeediCath® Flex Coudé Pro launched in the US

SpeediCath® Navi launched in Spain, Japan and South Africa

### Maximize value from Brava® launches

Solid growth in Brava® portfolio

Latest launches includes Brava® Elastic Tape XL, Brava® Support Belt and Brava® Protective Seal line extensions

# 1 SUPERIOR AND CLINICALLY DIFFERENTIATED PRODUCTS

## SenSura® Mio Concave solves an unmet need for people with outward body profiles

### Unmet needs

83%

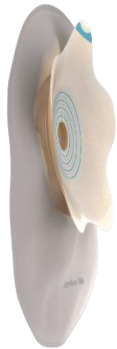
with outward body profile say they have leakage issues<sup>1</sup>

39%

worry about it to a "high" or "very high" degree<sup>1</sup>

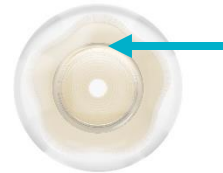


### Innovative features



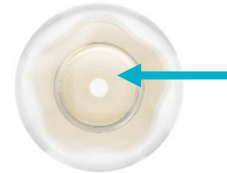
#### Curved star shape

Securing snug fit over bulges, hernias and curves without creasing or folding



#### Stability ring

The ring stabilizes the center zone so the stoma gets the necessary support



#### Elastic adhesive

The elastic adhesive follows body movements and provides flexibility

### Clinical trials

Two multicenter randomized clinical trials<sup>(1)</sup> showed:



Superior body fit



Better comfort



Better quality of life

SenSura® Mio Concave



User preference

### UK SenSura Mio Concave consumption analysis

- SenSura Mio Concave launched in the UK in April 2018
- Analysis based on Coloplast Charter data and +500,000 observations

### Key conclusions

- There is approximately a ~10% reduction in consumption on Concave
- The price premium on Concave outweighs the drop in consumption
- Struggling users use approximately the same amount of Supporting Products when switching from Flat to Concave
- Launching Concave has added to the strong patient growth seen over the past 4 years

1) NCT number: NCT02675634 and NCT number: NCT02362360



## 2 UNIQUE CONSUMER RELATIONSHIP

# Our DtC, Care and Direct presence gives us a close relationship with our consumers

### Global Coloplast DtC and Care presence



**Over 1M consumers**  
in our database



**Over 1M conversations**  
with users across the globe



**Over 30 countries**  
with a consumer setup

### We are now Direct in our largest markets



Coloplast®  
**Charter**



**Coloplast Homecare**



**Lilial**



**Comfort  
Medical**



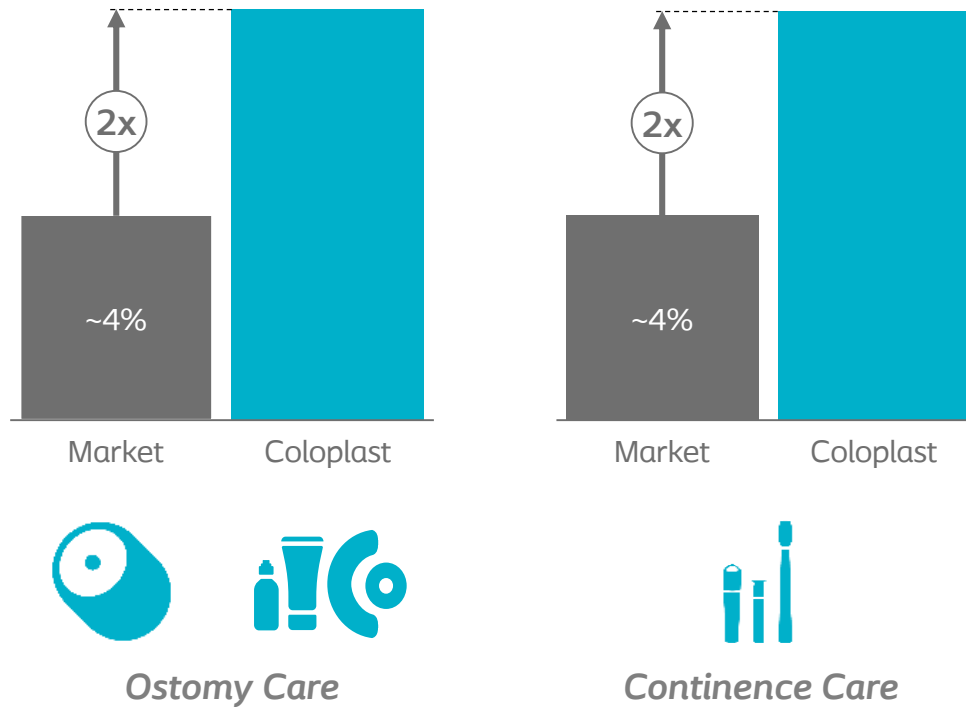
**Coloplast** **天猫**  
TMALL.COM

# Revenue growth outpacing the US market as new strategy drives results



## Coloplast sales vs. market growth

17/18 – 18/19 YTD



Sources: GHX, Coloplast

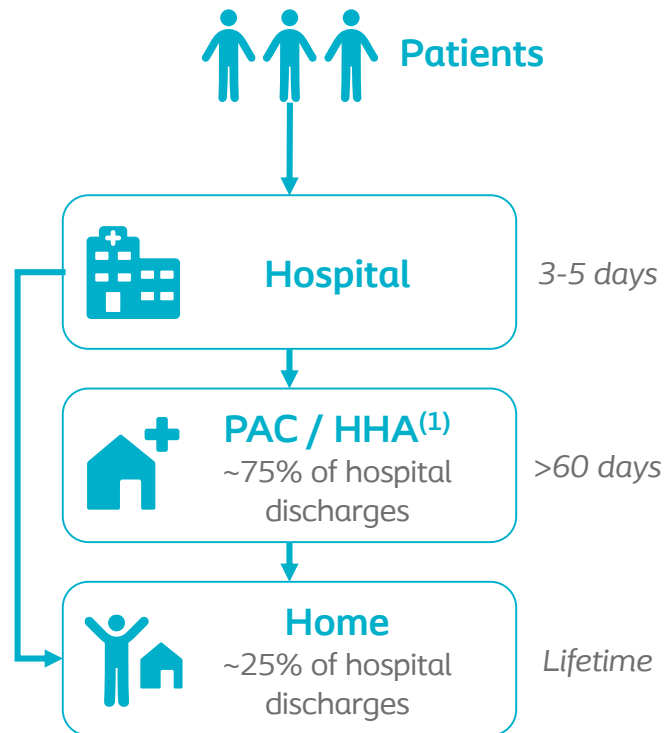
## Key growth drivers





# In Ostomy Care, continuing to gain share in acute and increasing focus on the home health channel

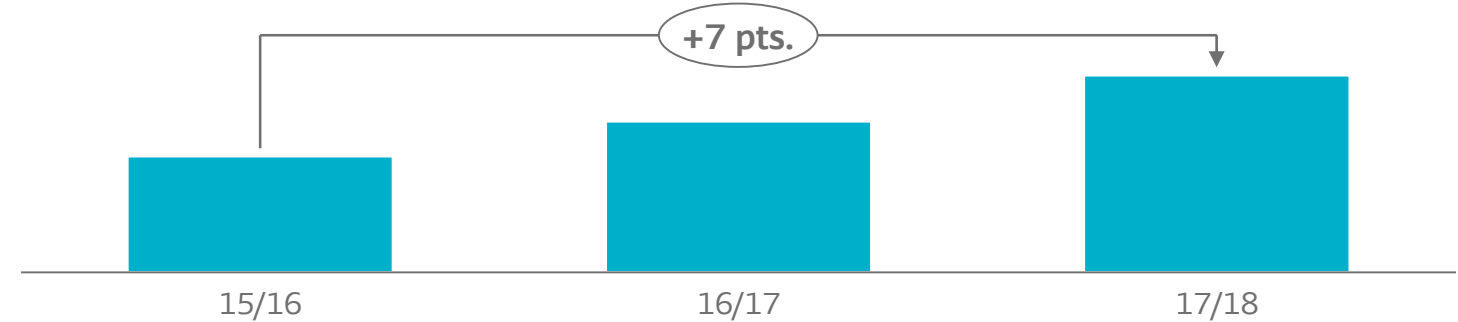
## US Ostomy patient pathway



Sources: GHX, Coloplast

1) Post-Acute Care / Home Health Agency

## Continuing to gain share in the acute channel



## Recent acute contract wins



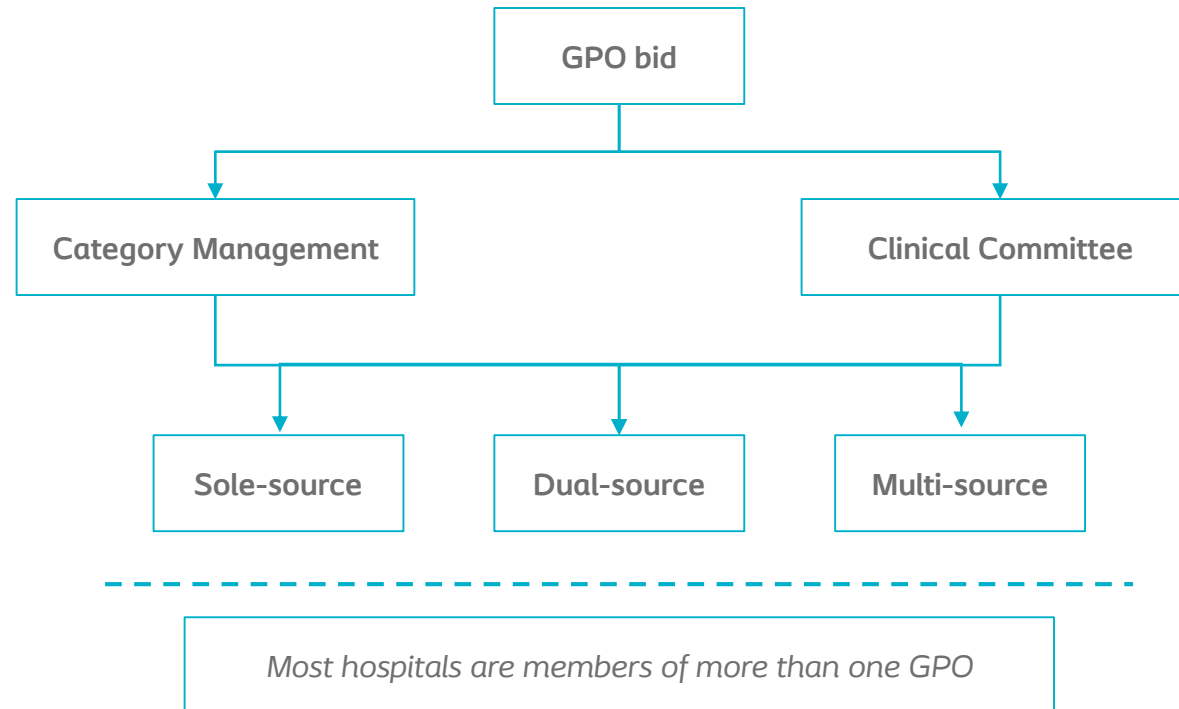
## Driving contract win momentum with major HHA entities








# In Ostomy Care, most hospitals' purchases are made either directly or through GPO contracts

## Representative GPO bidding process



## Near term contract detail for top three GPOs by annual spend

|   | Acute Members <sup>(1)</sup> | Estimated Acute share <sup>(2)</sup> | Next contract start |
|---|------------------------------|--------------------------------------|---------------------|
|  vizient       | 7,500                        | ~50%                                 | 2021                |
|  PREMIER       | 3,600                        | ~25%                                 | April 2020          |
|  HEALTHTRUST | 1,400                        | ~15%                                 | August 2020         |

Source: Coloplast

1) Acute members can be part of more than one GPO

2) Coloplast estimates based on primary GPO affiliation

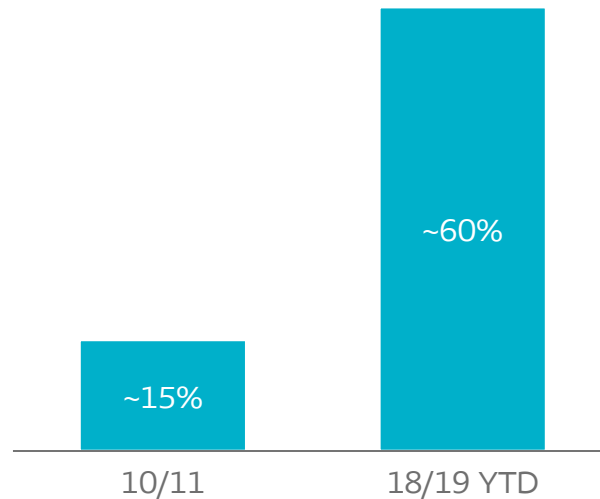


# In Continence Care, we are making hydrophilics the market standard



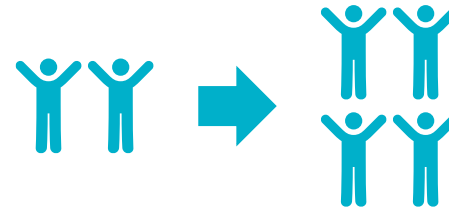
## Hydrophilics becoming the standard

*Hydrophilics share of Coloplast US IC revenues*



Sources: DRG, Coloplast

## Expanding to drive growth *IC sales force expansion*



### Medical Marketing & Market Access



Strengthen clinical education



Increase KOL engagement



Burden of disease studies



Payor engagement

## Securing innovative product access and strong patient service

*Business model with proven commercial concept*

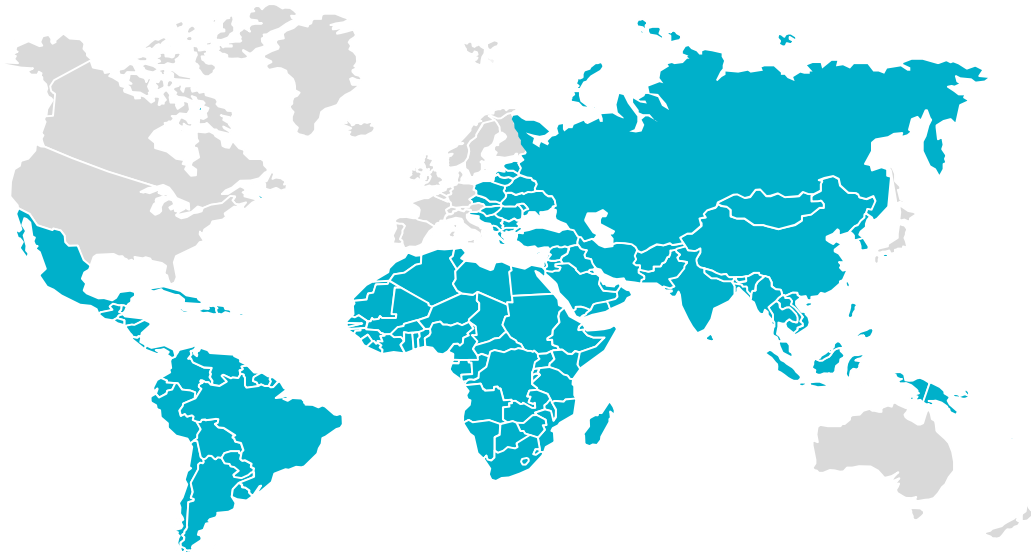
*Expanded payor coverage*

*Building a scalable platform for growth*



# In Emerging Markets we continue to invest in order to reach our ambition of 15-20% growth

## Emerging Markets at a glance



Over 80% of world population across four continents



Sales in +70 countries



Present with own sales force in 24 markets

## Build on market leading position in China



- SenSura® upgrade and accessories focus
- Expansion of sales force to extend call point coverage
- Growth of e-commerce and DTC channel
- WeChat® enrollments into Coloplast Care
- Market access for new category development

## Selectively invest and execute in key markets

- Ostomy: Expand sales, marketing and education to gain OC share, upgrade consumers and build accessory market
- Build IC business in reimbursed markets, market access capabilities to gain reimbursement
- Develop market appropriate consumer models, develop e-commerce
- Commercial development with 3rd party distributors



## Wound Care update

Coloplast Meet the Management London 2019

Nicolai Buhl Andersen, SVP Wound and Skin Care

Making life easier

Ostomy Care, Continence Care, Wound & Skin Care and Interventional Urology

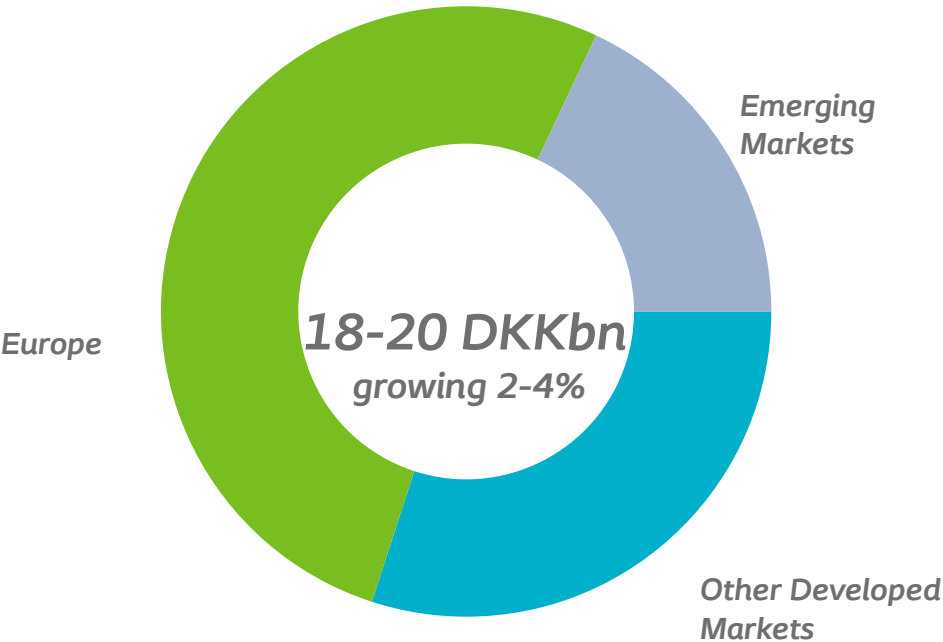
# Making it easier to stay active

I love taking my boat out and I do so whenever I can. Sometimes the weather stops me. But I won't let my condition stop me.



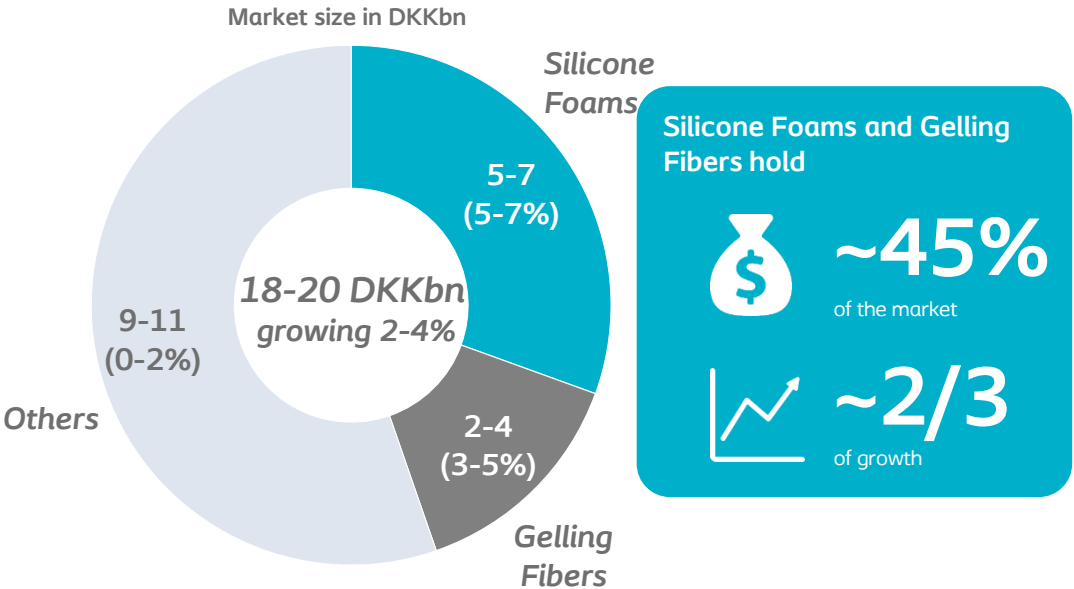
# The global AWC market remains large and growing

The Advanced Wound Care market remains a significant value pool and continues to grow across all regions



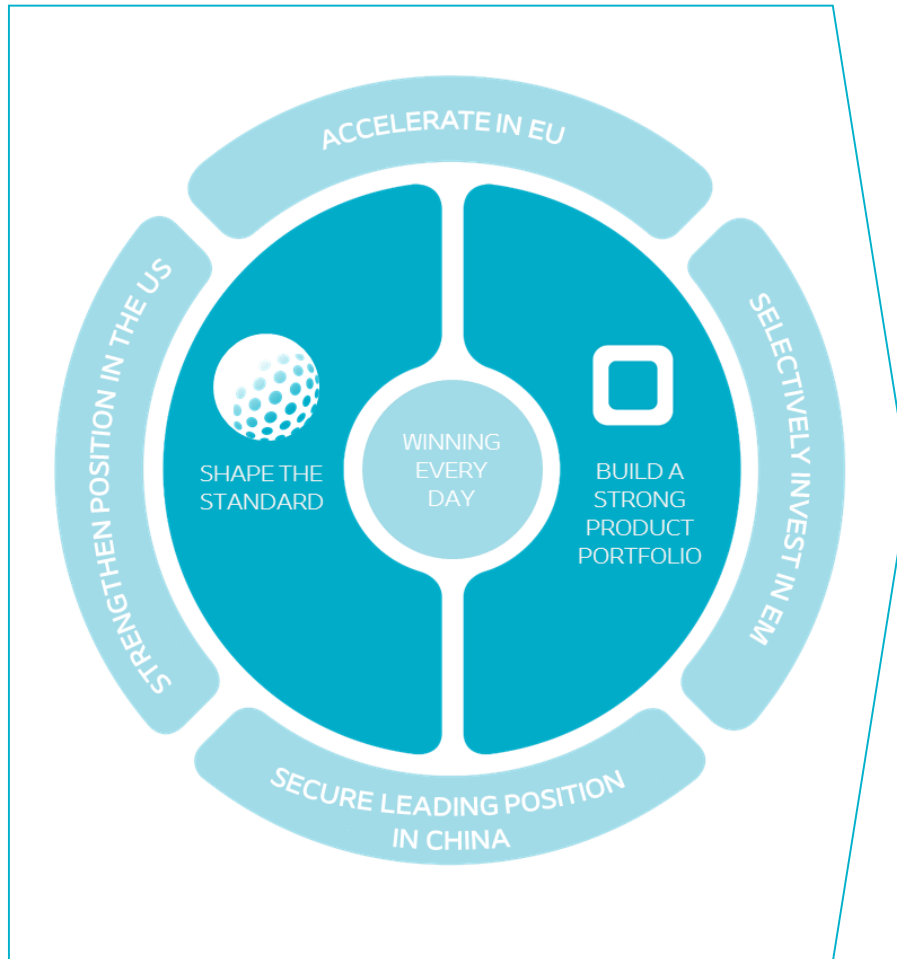
Source: Coloplast estimates

Silicone Foams and Gelling Fibers are the two biggest categories and main growth contributors





# We continue to invest in and execute on our strategy for Wound Care

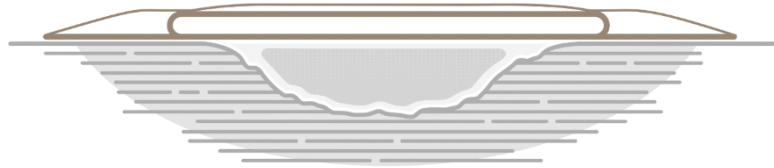


RECAP

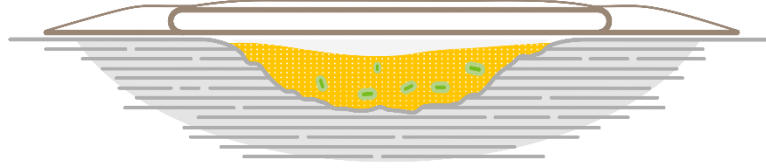




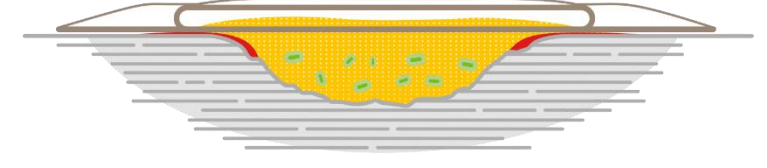
# Our approach to Wound Care is driven by our belief that good Wound Management is all about exudate management



Gaps create space for exudate pooling



Pools of exudate may lead to bacterial growth and the risk of infection



If exudate leaks onto the wound edges and periwound skin, they will become macerated and may delay wound healing

## References:

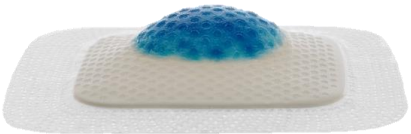
1. Adderley UJ (2010) Managing wound exudate and promoting healing. Br J Community Nurs 15(3)
2. Mouës CM, Heule F, Legerstee R, Hovius SE (2009) Five millennia of wound care products — what is new? A literature review. Ostomy Wound Manage 55(3):16–8, 20, 22 passim. Doc. No PM- 02932
3. Sibbald G, Williamson D, Orsted H, Campbell K, Krasner D, Sibbald D (2000) Preparing the wound bed — debridement, bacterial balance, and moisture balance. Ostomy Wound Manage 46(11)

# Biatain® Silicone with 3D Fit® Technology is a strong offering within exudate management

## 3DFit Technology is unique



- Conforms to wound bed
- Absorbs vertically
- Retains exudate



## Strong customer feedback



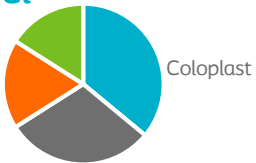
Ranked #1



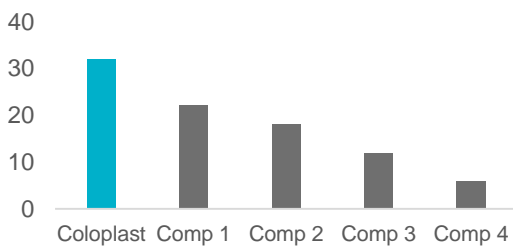
## Category leadership



Biatain® Silicone leading silicone brand in Hospital channel



Biatain® Silicone leading silicone brand in key sales regions



Biatain® Silicone leading silicone brand in Rx channel

Sources: NHS CET report 2018, IMS & Coloplast data

# And we can show that it works

## Scientific evidence....

### Proprietary technology<sup>(1)</sup>

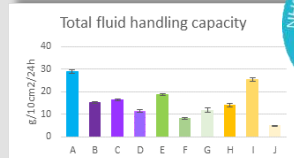
Conforms to the wound bed, absorb vertically, and retain exudate. Documented by validated test methods.

The definition of a wound bed conforming dressing is a ratio  $h/d \geq 0.20$



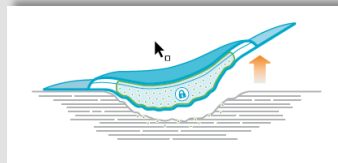
### With the highest fluid handling<sup>(2)</sup>

77% higher fluid handling



### New claims: Absorbs & retains bacteria<sup>(3)</sup>

99.98% of bacteria is absorbed and retained



## ... with positive patient outcomes

### Retrospective case series of 104 wounds<sup>(4)</sup>:

100% conformability to the wound bed  
0% exudate pooling  
0% maceration

Conformability of a Foam Dressing – clinical experience based on 104 cases



### Clinical evidence:

77% healing rate as part of a standard protocol of care when managing venous leg ulcers<sup>(5)</sup>



## .. and cost effectiveness

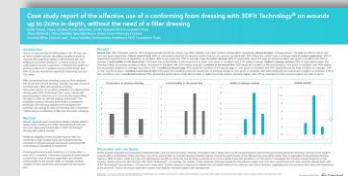
### ISPOR Published Budget model<sup>(6)</sup>

Up to 77% cost savings in material usage when switching to Biatain Silicone 3DFit Technology



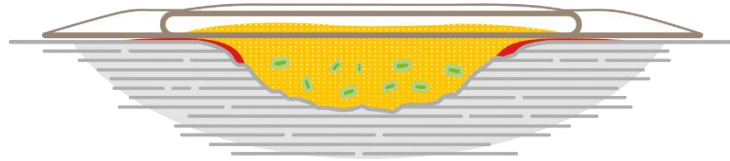
### Real life savings<sup>(7)</sup>:

23% increased wear time and cost savings from a UK clinical setting

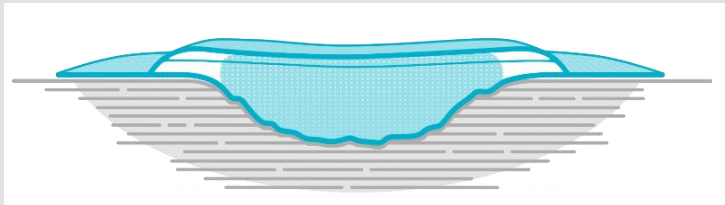


# We are expanding our offerings to address deep wounds with Biatain® Fiber with HexaLock® Technology

To reduce exudate pooling requires a dressing that conforms to the wound bed



Wounds less than 2 cm

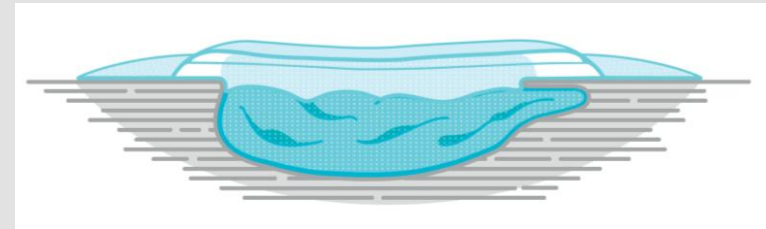


**Biatain® Silicone**



**3DFit®**  
Technology

Cavity wounds, undermining,  
highly exuding and sloughy wounds



**Biatain® Fiber**



**HexaLock®**  
Technology

# Biatain® Fiber with the unique HexaLock® Technology



## *Biatain® Fiber*



**HexaLock®**  
Technology



# Biatain® Fiber with the unique HexaLock® Technology

## Exudate management




To reduce exudate pooling a gelling fiber needs to have:

- 1. Optimal absorption
- 2. Optimal retention
- 3. Minimal shrinkage

This requires enough **strength to perfectly lock in the exudate**

## Unique technology



-  Locks in exudate
-  Minimal shrinkage
-  Cohesive gel

## Key benefits

### Biatain Fiber



**Less risk of maceration**  
due to hexagonal shape



**Minimal shrinkage**  
minimizing gap creation



**Easy one-piece**  
removal with minimal risk of residues in wound

### Key competitor



Sources: CP research

# By expanding our portfolio, we are improving our relevance and competitiveness

For non-infected wounds



Biatain® Silicone



Biatain® Silicone Lite



Biatain®



Biatain® Fiber



Biatain® Alginate



Biatain® Contact

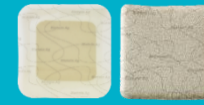


Biatain® Super

For infected and painful wounds



Biatain® Silicone Ag



Biatain® Ag



Biatain® Ibu



Biatain® Alginate Ag



Physiotulle® Ag

For wound & skin protection



Comfeel® Plus Transparent



Comfeel® Plus



Comfeel® Barrier Cream



Interdry®



Atrac-Tain®

# YTD 18/19 performance picture: 8% growth for Wound Care



- Positive Q3 performance for WSC
- Growing faster than the market
- New wins driving performance but takes time to see full impact of new initiatives



- Positive performance across all markets
- Growing faster than the market
- Strong silicone performance

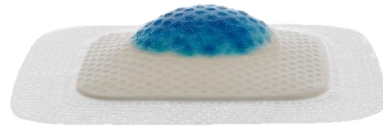


- Positive performance
- Growing faster than the market
- Strong foam performance
- New setup



- Low Q3 due to Greece
- Brazil and Australia doing well
- Silicone a key driver

# Our key messages:



- The AWC *market* remains *significant* and continues to *grow*
- *Silicone* category highly *attractive* category with strong *growth* rates
- *Biatain® Silicone* with *3D® Fit Technology* continues to prove its clinical relevance
- We are *pleased* with the Biatain® Silicone *performance* across key markets
- *Well positioned* to *tap further in* to the silicone category
- We are expanding our portfolio to *complete* our *exudate management* offerings
- *Biatain® Fiber with Hexalock® Technology* will be launched soon
- We are completing our silicone offerings as well with *Biatain® Contact*
- We are *pleased* with our *YTD performance*
- We are *growing faster than the market* in most geographies
- *US* and *China* remains *key* focus and investment *priorities*





# Making it easier to go all in

I lost 35 kilos when I was ill. But I have put it all back on.  
I fell determined, I'm training regularly and I have now  
opened my own gym

## Finance & Global Operations

Coloplast Meet the Management London 2019

Anders Lonning-Skovgaard, EVP & CFO  
Allan Rasmussen, EVP Global Operations

Making life easier

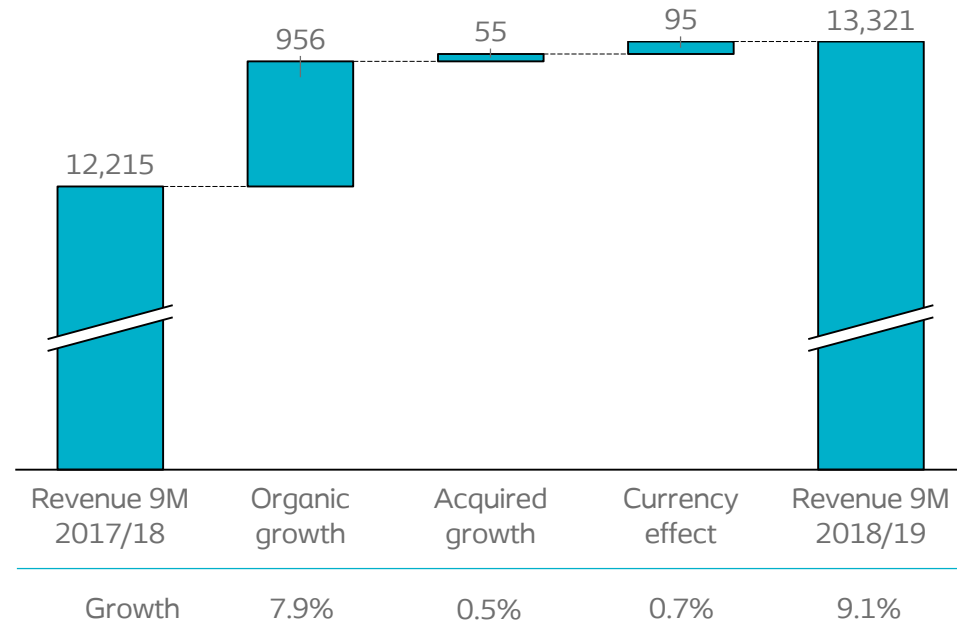
Ostomy Care, Continence Care, Wound & Skin Care and Interventional Urology





# In Q4 2018/19, growth to be driven by US and Europe ex. France, but impacted by Emerging markets weakness

## Revenue development (DKKm)



## Drivers of organic growth in Q4 2018/19

Growth will be positively impacted by:

- + Continued good growth in the US and Europe across all business areas and good momentum in China
- + New products

Growth will be negatively impacted by:

- ÷ French price reform
- ÷ Tough comparison and lower demand in North Africa

**FY 2018/19**  
**~8%**  
**organic growth**

# In Q4 2018/19, EBIT will be positively impacted by operating leverage and initial savings from Global Operations Plan 4

## EBIT margin development (%)



### Drivers of EBIT margin in Q4 2018/19

EBIT will be positively impacted by:

- + Leverage effect on fixed costs e.g. distribution, admin and R&D costs
- + Global Operations Plan 4 – initial savings will begin in Q4 18/19
- + No restructuring costs in Q4 18/19

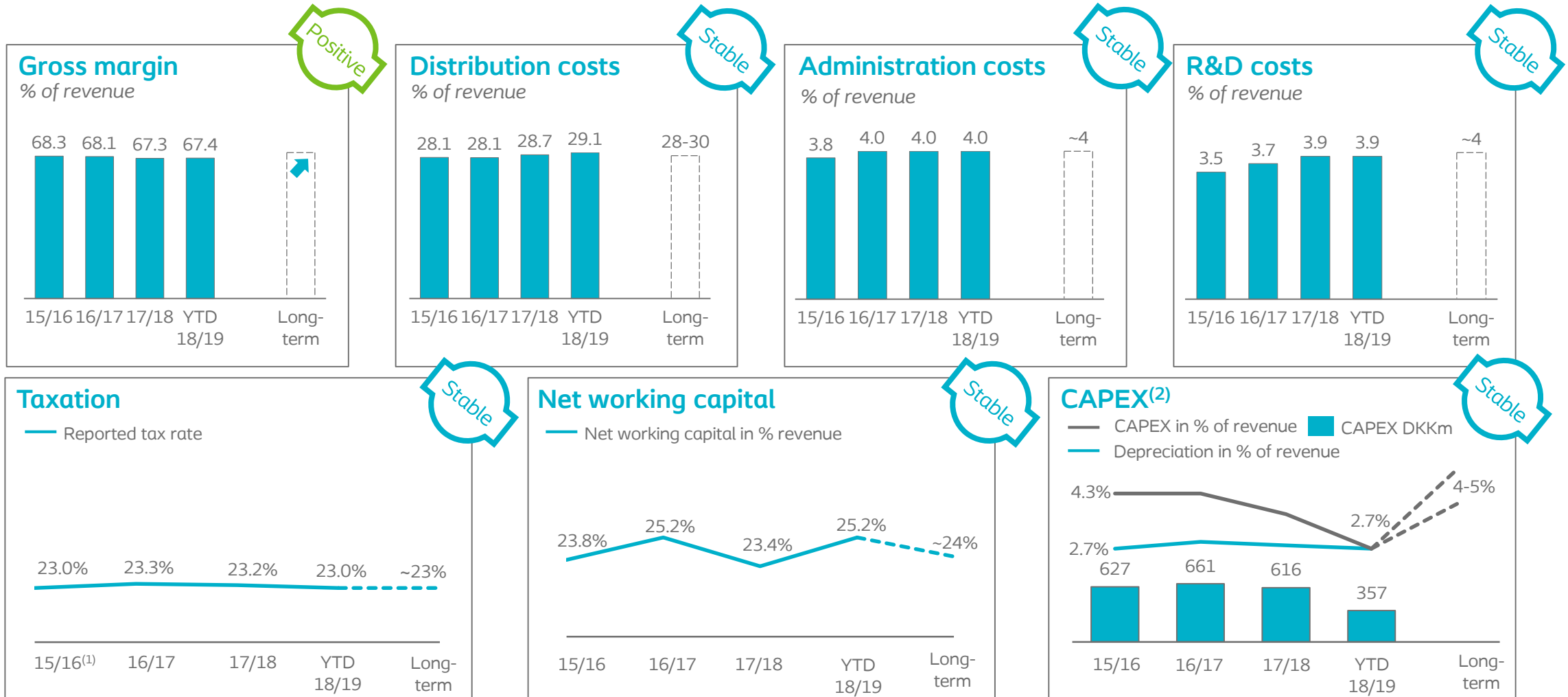
EBIT will be negatively impacted by:

- ÷ Investments in P/L (Commercial & R&D)
- ÷ Wage increases in Hungary
- ÷ French price reform

**FY 2018/19**  
**~31%**  
**EBIT margin in DKK<sup>1</sup>**

1) Based on exchange rates as of August 13<sup>th</sup> 2019

# We will continue to deliver strong and stable earnings and cash conversion ...

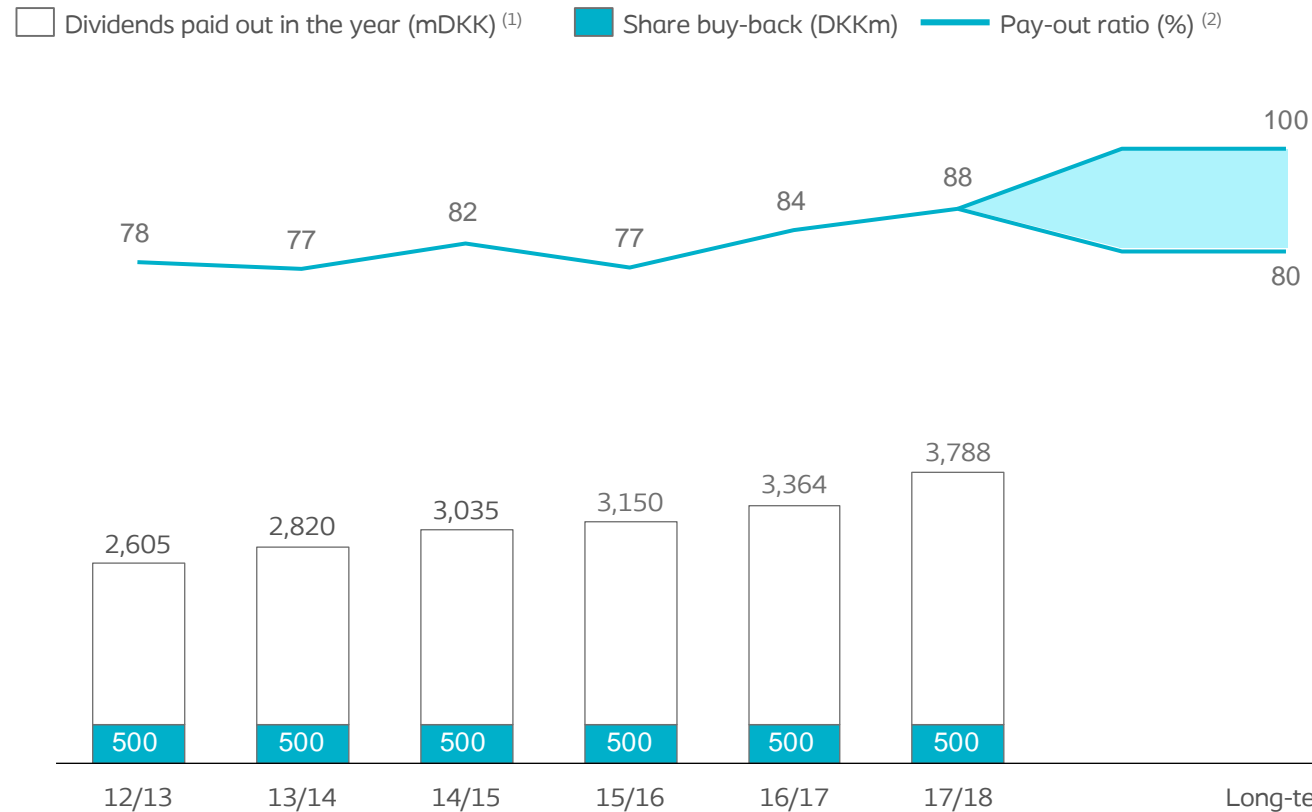


1) Impacted by provision for Mesh litigation

2) Gross investments in PPE

# ...and continue to provide attractive cash returns despite large investments in commercial and expansion activities

## Coloplast cash distribution to investors



*We will continue to return excess cash to shareholders*

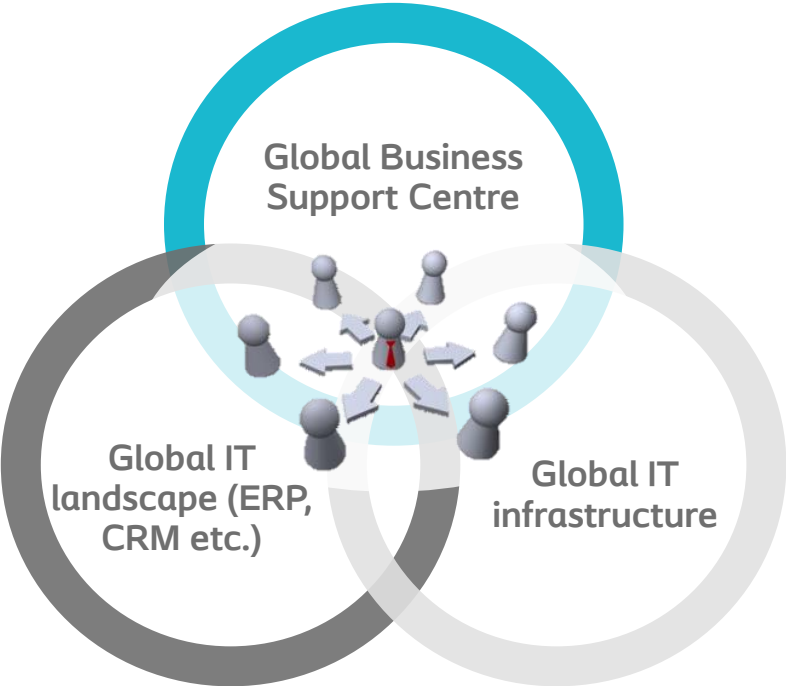
*Targeted pay-out ratio of 80-100%*

1) Dividends paid out in the year are the actual cash payments of which the majority relates to dividend proposed in the previous financial year

2) Pay-out ratio calculated as dividend proposed in the financial year/Net profit for the financial year. Pay-out ratio for 2013/14, 2014/15 and 2015/16 is before special items related to Mesh litigation

# Continued excellence within Business Support enables Coloplast to scale faster and more efficiently

## Global Business Services



## Recent improvements/investments in Global Business Services



UK Prescription handling (Global support center)



MDR/regulatory support (Global support center)



New CRM roll-out - Salesforce.com (Global IT)

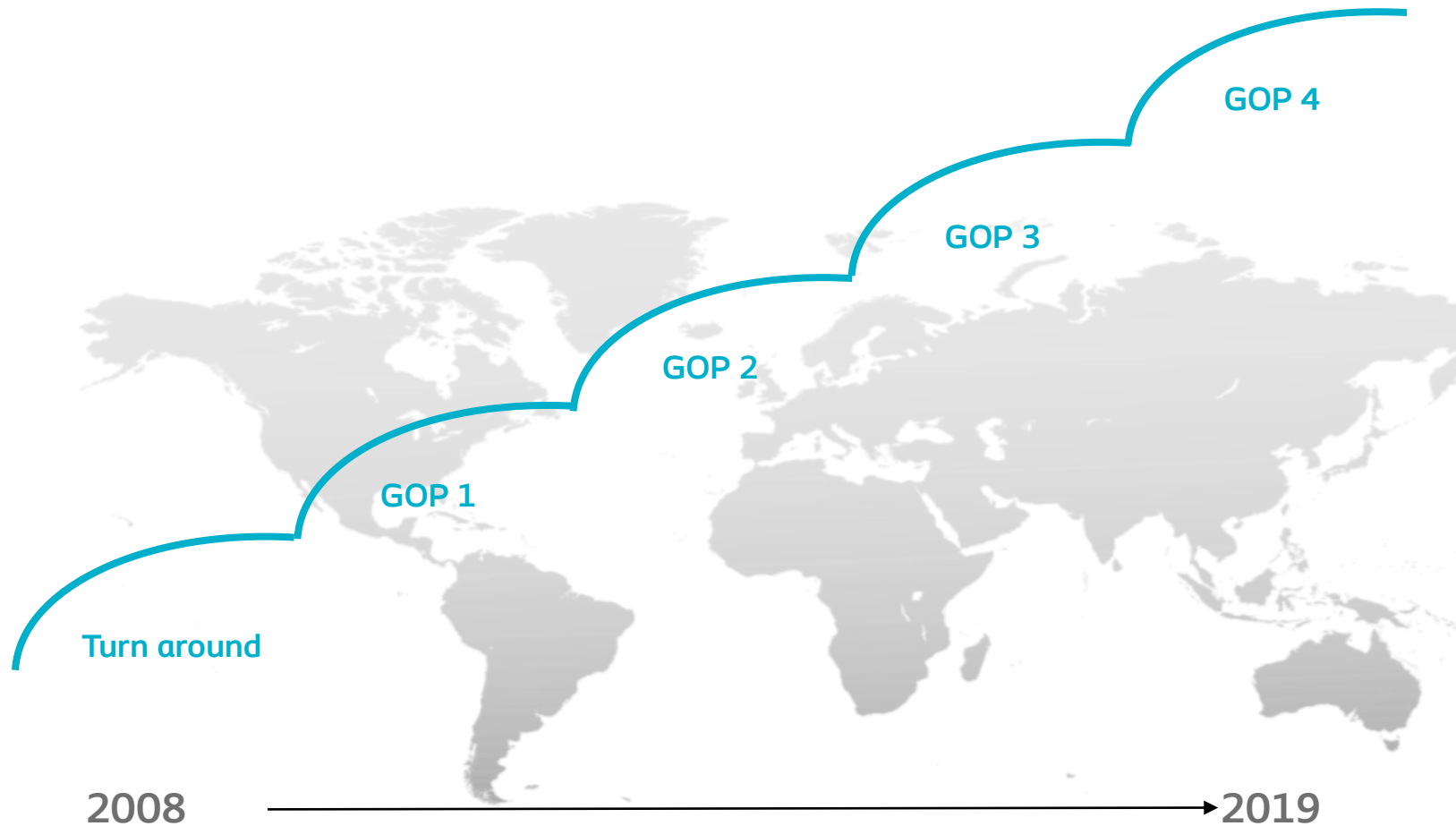


Business intelligence system – Power BI (Global IT)

Source: Coloplast

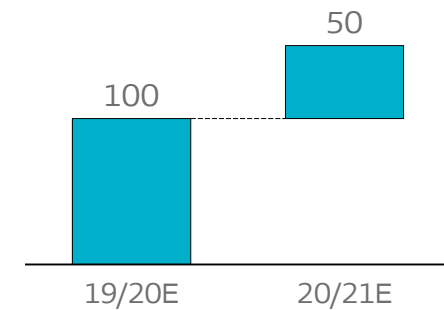


# The GOP's have delivered significant value creation for more than 10 years and GOP4 is on track to deliver 150bps



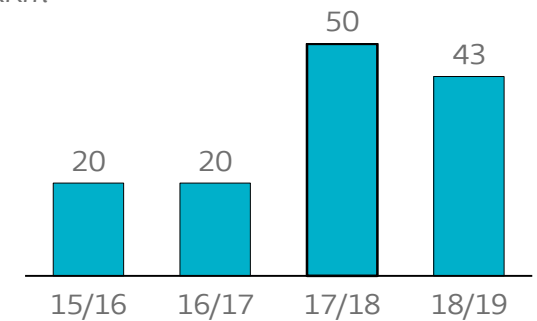
## Global Operations Plan 4

EBIT margin contribution, bps



## Restructuring costs (GOP 3 & 4)

DKKm



Source: Coloplast

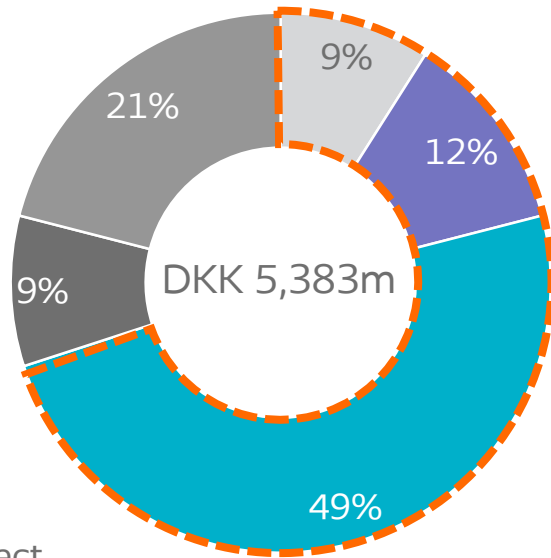
# GOP4 is progressing well across all key initiatives



# The Global Operations Plans will continue to deliver unparalleled efficiency

## Cost of sales

FY 2017/18



- Salary - Direct
- Salary - Indirect
- Materials (RM & SFG)
- Depreciations & amortisations
- Other<sup>(1)</sup>

1) Transport, utility, IT, repair & maintenance costs, etc

## Examples of themes under Global Operations Plan's

Automation



Diversification  
(Costa Rica)



Procurement



## Our mission

Making life easier for people  
with intimate healthcare needs

## Our values

Closeness... to better understand  
Passion... to make a difference  
Respect and responsibility... to guide us

## Our vision

Setting the global standard  
for listening and responding